

Motion No. 3.

That Bill C-5, an act to amend the Canada Elections Act, be amended in clause 10 by striking out line 32 at page 14 and substituting the following therefor:

"party and such money so provided shall be for the use of the political party in its federal capacity only; and where money is received by a"

Mr. Speaker, I may not be successful in convincing the House of the necessity for the course I am proposing, but I can assure Your Honour that I shall not attempt to argue motions Nos. 5 and 7. Frankly, I was hoping that they would all be accepted and taken together. I had intended to make one speech on them all, anyhow. As the mover of this motion, I am limited to 40 minutes. I shall try to be as precise as I can, but I wish to cover some of the history relating to this measure.

The intent of the Election Expenses Act of 1973 was that money was to be raised with the benefit of a federal tax deduction and used for federal activity of a registered party. There has been some debate on this matter pro and con. In 1974, there was a by-election in Carleton East, in the province of Ontario—right here at the edge of Ottawa—wherein Mr. Benoit ran for the Progressive Conservative party and Evelyn Gigantes ran for the New Democratic Party. The representative of the Liberals was the successful candidate but he lost nine months later in the general election.

In that election, one of the political parties—to be precise, the New Democratic Party—raised every cent of its provincial campaign funds by using the federal tax deduction. They said, "Toll it through the federal party. We will give you a reduction in your federal tax payable." They immediately moved the \$100 down to the provincial party and ran the by-election. Now there was a loophole and some of us felt it was wrong. I only say there was some concern. In October of 1974, I point out, there was a further development. I quote a letter dated October 28, 1974:

Liberal Party in Ontario
15 Duncan Street, Toronto, Ontario

We Liberals now have a new opportunity and a new responsibility. Our responsibility is to broaden our base of financial support in order to lessen the potential influence of large institutions in the political process.

The Election Expenses Act, Bill C-203, stimulates financial involvement by encouraging volunteer support and small donations. To accomplish this the new act provides for tax credits. A tax credit is a direct reduction of federal income tax payable. The system must work. It is therefore necessary to obtain your support through your contribution.

In the past a donor who made a direct contribution to the party or a donation to the Liberal Union (later the Red Carnation Fund) did so with no tax benefit. You now have the opportunity of supporting the LPO up to a maximum of \$1,150 and be able to claim a direct credit against your personal income tax (not against taxable income but against the tax payable) to a limit of \$500 as indicated by the chart below.

Then a chart follows. Continuing:

The funds are used to pay staff of the party, provide party offices and other services that the party needs to function between elections.

A substantial share of your contribution will be deducted from your 1974 income tax if your cheque is received before the year end, payable to the Liberal party in Ontario, 15 Duncan Street, Toronto, Ontario. The Liberal party is in urgent need of your support. Your cheque is vital if we are to continue functioning as an effective party organization.

Canada Elections Act

You will note, Mr. Speaker, that this is not directed to the national Liberal party, which has its office, I think, at 305 Bank Street.

● (1642)

Mr. Maine: It is 102 Bank Street.

Mr. Dick: My apologies. This is sent to the Toronto office and is signed by Jeffrey L. D. King, president of the provincial Liberal party of Ontario. He was elected at the annual meeting in Toronto when the provincial Liberal leader was named guest speaker, at a function where their federal counterparts, including the federal Liberal leader, did not come to greet them. That was a provincial affair at the time, and this was signed by a man who to all intents and purposes was provincial Liberal president at the headquarters in Toronto. In other words, the Liberal party began to use the same mechanism in 1974. I felt that this was wrong, so on November 6, 1974, I posed this question to the then House leader, as reported at page 1111 of *Hansard*:

I am sorry, Mr. Speaker, I intended that my question be directed to the President of the Privy Council. Thank you very kindly. I had no intention of demoting the minister.

I had made an error previously.

In view of the fact it has been some ten days since it was drawn to the attention of this House—

I believe through newspaper articles.

—that there has been a flagrant abuse of the Election Expenses Act, I believe an immoral exploitation of a loophole, such that provincial political party associations are going to reap benefits which were not intended, does the President of Privy Council have any intention of introducing amendments to close up this loophole and stop the exploitation of the Federal Election Expenses Act by the NDP or other political parties?

The then president of the privy council, the hon. member for Eglinton (Mr. Sharp), replied:

Mr. Speaker, I have been reviewing the operations of the Election Expenses Act and I think it will be necessary to bring revisions before the House. The hon. member may be aware that one member on the Liberal side, the hon. member for Windsor-Walkerville, already has a private bill on the order paper for that purpose.

Mr. Speaker then recognized me for one short supplementary, and I asked:

Mr. Speaker, is the introduction of this bill being delayed as a government bill because of the fact that on October 28, 1974, on Liberal party of Ontario stationery over the signature of the president Jeffrey King, individuals were being asked to donate to the provincial party in the same manner—

The hon. member for Eglinton replied:

The answer is no, Mr. Speaker. I do hope, however, that hon. members on the other side of the House will co-operate in dealing with measures to clear the order paper so I can deal with this matter.

He expressed the intentions of the Liberal party in saying that he wanted to deal with this matter, and then referred to the fact that the hon. member for Windsor-Walkerville (Mr. MacGuigan) had a private member's bill on the order paper outlawing the practice of handing money which is tax deductible down to the provincial level. Then a funny thing happened, Mr. Speaker. In 1976, the Standing Committee on Privileges and Elections, following discussion which I will go into in more