Privilege—Mr. Stanfield

● (1522)

Subject to section 23, the governor in council may, on the recommendation of the minister and the Minister of Finance, authorize the Minister of Finance to guarantee on behalf of Her Majesty in right of Canada, the principal and interest of any debentures or other securities issued by the corporation for the purpose of raising capital otherwise than from Her Majesty in right of Canada.

As I recall, the hon. member for York-Simcoe referred to that specific section in his remarks.

Section 21(2) says:

The Minister of Finance may approve or decide the form, manner and conditions of guarantees under this section.

It is quite clear to me that the question of guarantees was uppermost in the minds of the two hon. members opposite, with respect to this question of privilege. It is for that reason, and for the other reasons I have given, that I believe my answer was accurate.

I also believe that the remainder of the answer which I gave yesterday, recognizing the fact that Petro-Canada is an agent of Her Majesty and that the Financial Administration Act does apply, also covered that point. That is clearly common knowledge, but that was not the issue. The issue was whether an express guarantee was given by the Government of Canada in this situation, and my answer stands. There was not an express guarantee given by the Government of Canada in this situation. The funds were provided in a normal commercial banking transaction through the banks. There was no express guarantee, and I stand by that answer.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have no desire to prolong this debate, but I want to make a couple of points. To some extent the confusion is understandable when one realizes that under section 5 of the act the government can buy shares to supply capital up to $500 million, that under section 13, on the authorization of the governor in council the corporation can borrow money, and that under sections 21 and 22 debentures may be issued by the government on behalf of the company.

What has been overlooked is that in section 7(1)(e) it says, among other things, that the corporation may, and I quote:

—acquire and hold shares, debentures or other securities of any other corporation having objects altogether or in part similar to those of the corporation, or carrying on any business capable of being conducted so as, directly or indirectly, to benefit the corporation, and sell or otherwise deal with the same;

Section 2 deals with promoting such a corporation. It seems to me that this is not a matter of the corporation's borrowing money. It is not a matter of the corporation's borrowing money through the Crown or the Crown issuing debentures. It is a matter of whether a commercial transaction could be carried out under section 7(1)(e) by which shares might be acquired by putting up collateral for those shares. That did not amount to any intervention by the government, except that by so doing the government incurred a contingent liability. It therefore seems to me—and I thought so at the time that the minister answered the question—that the minister was leaving himself open. I admit that the question was very convoluted and that the minister may have missed the point.

[Mr. Gillespie.]

Perhaps we are wasting time unnecessarily, but the question which was asked was very simple. The hon. member for Halifax (Mr. Stanfield) asked for an assurance that there is absolutely no financial responsibility on the part of the federal government. That was the first question. The second question was as follows:

Is he—

That is, the minister—

—saying, not only that the federal government did not engage in any express guarantee, but that by virtue of Petro-Can being an agent of the government, and the implications of that under the Financial Administration Act, there is no financial responsibility—

There were two questions. One was whether there was a financial responsibility, and the other was whether the government has put out any money. It seems to me that the minister answered only half the question. That is quite understandable, in view of the exchange which was taking place. The minister said, and I quote:

—I made it very clear that this was a commercial transaction. It was negotiated and financed by normal commercial instruments.

Then he went on to say:

There are no government guarantees.

What needed to be added was, "But there is a contingent liability by virtue of section 11(e)". An agency of the Crown has purchased shares and given shares as collateral. In my opinion that therefore involved a contingent liability upon the government. I think the minister is now saying that he recognizes this as a contingent liability, and that clears the matter up.

I do not think the minister was trying to deceive the hon. member for Halifax, but his answer was certainly incomplete. If the minister now says there is a contingent liability, in addition to the fact that there was a commercial transaction and that there were no guarantees, surely that clears the matter up.

Mr. Stevens: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for York-Simcoe (Mr. Stevens) argued extensively yesterday. I think we should retrace the dimensions of this question of privilege. It was first raised by the hon. member for York-Simcoe. He made his presentation yesterday. The hon. member for Halifax (Mr. Stanfield) then made a contribution to that question of privilege. He later rose to say that he might have a question of privilege of his own. We do not have two separate questions of privilege on the floor at the same time. If we do, I will have to deal with them separately, but I would not want to invite hon. members who have contributed to the question raised by the hon. member for York-Simcoe to make separate contributions now to the question of privilege raised by the hon. member for Halifax.

I think the situation is very clear. The answers of the minister have been the same on both days since Monday, when he made his initial answer. I am going to rule on this very shortly, and I do not want anybody to feel he has been