

3. Can the government provide an analysis of the cost of hiring outside legal services compared to maintaining an in-house legal division within the Federal Business Development Bank and, if so, what is it?

**Hon. Harvie Andre (Minister of State and Leader of the Government in the House of Commons):** I am informed by the Federal Business Development Bank (FBDB) and the Department of Justice as follows:

1. In fiscal 1986-87, 1987-88 and 1988-89 the number of loans and investments authorized totalled 5,704, 5,581 and 5,144 respectively. There were in excess of 400 litigation matters in progress in each of those fiscal years.

In general, security is taken on the assets of the business financed and may include realty mortgages and/or debentures and/or chattel mortgages/Personal Property Security Agreements and guarantees in common law jurisdictions and hypothèques and/or commercial pledges and guarantees in Quebec. Litigation matters generally involve realization proceedings relating to the security given in support of a loan including foreclosures, actions on covenants and guarantees and priority disputes.

For additional information, please refer to the answer to question #197 tabled on February 23, 1990.

2. FBDB instructs external legal counsel in accordance with the following policy:

Bank policy requires that "lawyers used by the Bank must have a good general reputation and known professional competence in the field in which their services are required, having particular regard to the quality of their work, promptness and the reasonableness of their fees".

Bank policy provides that the borrower may designate his/her own lawyer/notary on loans under \$200,000 and, as well, the borrower's lawyer/notary is designated where he/she referred the loan and/or was actively involved in the negotiations for the loan. Lawyers/notaries who prepared the security on an initial loan are instructed on superseding or supplementary loans to effect cost savings to the borrower. Given the Bank's mandate to assist small and medium size business enterprises, in excess of 80 percent of these mandates are directed to lawyers/notaries designated by the borrower.

### *Routine Proceedings*

Litigation/realization, venture capital mandates and specialized corporate mandates are given to firms selected on the basis of perceived expertise/competence in the particular area of law involved.

3. FBDB seeks to employ the most cost effective method possible in the provision of legal services relating to its activities. While maintaining a nucleus of internal expertise, external resources are utilized to the maximum extent possible. Loans and investments are authorized to customers across Canada out of 78 Branches, the majority in rural areas. It is the policy of FBDB to instruct external legal counsel in the area where the borrower and/or security is located. The use of external legal counsel is most cost effective for the Bank and the borrower, who is responsible for the cost of security preparation. FBDB has been able to effect in-house staff reductions by placing reliance on external counsel. Legal fees relating to realization/litigation proceedings are, generally speaking, added to the loan/investment account and are recoverable from the borrower.

The Bank may engage external legal counsel for specific mandates because of the specific expertise/competence required in the particular area of law involved.

At this time, The Attorney General of Canada has no analysis comparing the costs of providing legal services to the FBDB in relation to litigious matters through agents as opposed to inside counsel.

### JUSTICE CANADA EMPLOYEES

#### Question No. 321—Mr. Robinson:

1. Out of the total number of Justice Canada employees, are any located in Quebec (exclusive of the National Capital Region) and, if so, what number?

2. Out of the total number of Justice Canada employees (a) are any of them members of visible minorities and, if so, what number (b) are any of the Quebec employees (exclusive of the National Capital Region) members of visible minorities, and if so, what number?

3. Does Justice Canada have a departmental Advisory Committee for Visible Minorities and, if so (a) what is its composition (b) are any of the members of this Committee members of visible minorities and, if so, what number (c) is there community representation on this Committee and, if so, what representation?

4. In fiscal years (a) 1988-89 (b) 1989-90, were any federally-appointed Crown prosecutors members of visible minorities and, if so (i) throughout Canada (ii) in Quebec, what number?