

Canada Elections Act

I do not wish to take too much time of the committee, but surely you are asking for laundering of money are you not, in that, the normal contribution of provincial parties will soon be challenged through federal parties so that they can take advantage of the tax concession and then back to the provincial party?

I suggest that the use of the word "laundering" by the hon. member, a word usually used in a derogatory sense, is an indication that he was not pleased about it; and the first words of the President of Privy Council show that he thought the bill was couched in terms which meant election of the House of Commons.

I go now to page 38 of issue No. 25 of the report of the privileges and elections committee for Tuesday, December 11, 1973. Mr. O'Connor, a former member of the House, had this to say:

I believe it is the next section that restricts the tax provisions and allowances for donations strictly to registered parties and candidates in a federal election. Has any thought been given to the discriminatory effect of such a provision on provincial parties, and candidates in provincial elections, particularly in the year 1974, when there will almost surely be three provincial elections in the maritimes, combined with the good possibility of a federal election, all within perhaps three, four or five months of each other? The effect of such a considerable tax credit or tax allowance will be to encourage people to make donations to the federal party or the federal candidate, as opposed to his provincial counterpart and party—much to their detriment. Had any thought been given to extending this principle to other than federal parties?

So the understanding of a Progressive Conservative member of that committee was that this bill was restricted to the financing of federal parties at the federal level. The President of Privy Council replied:

We have thought about the effect on provincial situations. I did not feel that it would be proper to get into the financing of political parties at the provincial level.

In those words he implies that the bill is restricted to the federal party level and was not connected with provincial parties. As recorded at page 39 of the same issue, Mr. O'Connor said this:

I think that there could be substantial discriminatory effects of this section against provincial parties and candidates. I think it may encourage a practice which I am sure we do not want, which might be undesirable, that of people making donations to a federal candidate or federal party in anticipation of he in turn providing the receipt for tax purposes and then handing the money over to his provincial party or a provincial candidate friend in his area. I am sure we do not want to encourage that type of thing.

Again there is an indication that this bill has to do with elections at the federal level. A little further on Mr. McKinnon, presumably the hon. member for Victoria, said this:

I would like to speak to the subject as I recall and refresh our Minister's mind about his answer to a similar query about a month ago . . . did he not think we were asking for laundering of money, that is that donors would give the money to the federal candidate or the federal party and they in turn would pass it on to the provincial candidate or provincial party, having given the tax receipt, the secret of it all, to the donor? And your answer at that time was that you would not wish to interfere in the interior workings of a party, and certainly you implied that you had no objection to such a practice. The reason I have intervened now is to ask a further question on this—how would you feel about it in municipal politics?

● (2022)

Again he referred to the time when I indicated that the President of the Privy Council had put his foot on the other side so that he was straddling the fence.

[Mr. Dick.]

At the bottom of the page comes the reply:

MR. MACEACHEN: I think I will repeat exactly what I said earlier, that if the registered party feels that contributing or helping a provincial organization is to serve its purposes, then we will not prohibit that in the law, and I do not think we should.

We have had no representations from the provinces in any way. They have made changes in their electoral law and brought benefits to themselves in various cases, and we just have not heard anything from them on this.

We have thought about the effect on provincial situations. I did not feel that it would be proper to get into the financing of political parties at the provincial level.

That is a contradiction, if ever I heard one.

As recorded on pages 40 and 41, Mr. Howard, the former member for Skeena, went into a long discussion about it being all right, or appearing to be all right, and that he did not think the Minister of National Revenue would look behind the receipt. The President of Privy Council replied at page 41:

If they feel that a provincial section is worthy of support, they can do that and under the law it will be disclosed.

That is not how it is working today, Mr. Speaker. Later at page 41 Mr. Howard said:

I can phone my federal sector and say: 'Here, I am going to give you \$100. I want a receipt, but that is earmarked for the provincial section of the party in B.C.' He can transmit that to the provincial section: I get my tax deduction, but the money goes to the provincial section.

That brought the following response:

MR. MACEACHEN: If that arrangement is acceptable to the registered party and it agrees that it wants to spend its money that way, that is not prevented.

At the bottom of the page Mr. Howard asked:

Mr. Chairman, if, by implication, it is permissible, why do we not do it directly and talk in terms of contributions to provincial parties?

Even when Mr. Howard had the situation clarified the President of the Privy Council did a flip-flop. Mr. Howard was bothered and said so. In effect he asked why we would not be honest about it instead of hiding behind this kind of scuttle-butt.

In issue No. 42 for Thursday, April 1, 1976, at page 19 the hon. member for Windsor-Walkerville (Mr. MacGuigan) introduced his bill saying how much he disliked the way they were tolling through provincial funds. I do not have time to read it all. At page 21 appears the following:

MR. BEATTY: I would like to voice my support, Mr. Chairman, for the thrust of the legislation proposed by Mr. MacGuigan. One of the concerns that I have had for some time is the possibility that funds which were raised for one purpose were being channeled through to a totally different purpose.

At the bottom of page 22 I said that I agreed with the hon. member for Windsor-Walkerville. At page 23 a witness, Mr. Hamel, said:

I have had a number of questions asked of me, I will not name the party, but one party asked me whether they could finance one of their similar parties in Chile or Argentina or one of the foreign countries.

Then he added:

At the moment there is no restriction.

I put the question:

There is no restriction as well, I understand, for people using the Election Expenses Act presently to help fund leadership campaigns.