

to be done through legislation and not through the appropriations procedure established by Your Honour's predecessors.

I would like to draw attention to three different votes in the supplementary estimates which are similar enough in their intent that I can deal with them all at the same time and in the same argument. I refer first to Vote L18c on page 48 of Supplementary Estimates (C), which is a vote of the Department of Finance. It seeks by way of a one dollar item to authorize the Minister of Finance (Mr. MacEachen) to issue non-interest bearing, non-negotiable demand notes, in such form as the minister may determine, in an amount not exceeding \$11,500,000 in respect of Canada's commitments to replacement of the sixth replenishment of the resources of the International Development Association. In essence, what that item does is place or seek to place in the hands of the International Development Association a debt instrument or instruments which obligate Her Majesty in right of Canada to payment of sums up to \$11,500,000.

I would like also to draw attention to Votes 7c and 8c of the Department of Industry, Trade and Commerce which appear at page 66 of Supplementary Estimates (C). Vote 7c seeks authority for the governor in council to guarantee loans of up to \$450 million to de Havilland Aircraft of Canada, a Crown-owned corporation but not a Crown corporation as defined by the Financial Administration Act. Vote 8c seeks authority for the governor in council to guarantee securities of Massey-Ferguson Limited up to an amount not exceeding \$130 million.

The question the Chair must consider is whether these three votes—L18c of the Department of Finance and Votes 7c and 8c of the Department of Industry, Trade and Commerce—are in fact items for which parliamentary authority should be sought through the usual legislative process. It is my view that they most certainly are items for which authority must be sought through the legislative process.

In support of this position I bring the attention of the Chair to Section 22 of the Financial Administration Act, Chapter F-10, Statutes of Canada, which reads, and I quote:

Where a guarantee has been given under the authority of Parliament by or on behalf of Her Majesty for the payment of any debt or obligation, any amount required to be paid by the terms of the guarantee may, subject to the Act authorizing the guarantee, be paid out of the Consolidated Revenue Fund.

Notice that the language is very clear and precise. It refers to a guarantee given by Her Majesty—given by Canada—which requires an act of Parliament. That is what Section 22 says very specifically.

The appropriation of Vote L18c, which deals with the \$11,500,000 debt instrument to be given to the International Development Agency, is clearly an obligation of Her Majesty. It places an obligation on Her Majesty in right of Canada, and it is an obligation which can only be placed there, according to Section 22 of the Financial Administration Act, by an act of Parliament. Legislative authority must be sought to impose that obligation on Her Majesty. It is not the requisition of money at this stage because at a later stage—as I will demonstrate with another section of the FAA—when the IDA seeks funds based on these debt instruments, it will be necessary for

Point of Order—Mr. Andre

the government to seek through the estimates procedure an allocation from the consolidated revenue fund. At this point in time with that dollar item it is not a requisition of funds; it is an attempt to seek legislative authority for a guarantee which, as Section 22 says, can be sought and obtained only through an act of Parliament.

I refer to Section 36 of the Financial Administration Act, Chapter F-10, which says, and I quote:

No money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of Parliament.

That is very clear and specific. The authority of Parliament must be obtained in order to grant a guarantee. The supply procedure and appropriation procedure is to grant funds for programs, not to grant legislative authority. This clearly establishes that Vote L18c of the Department of Finance is out of order, and the authority being sought by the minister must be sought by way of an act of Parliament and not by the use of this supply item.

With respect to Vote 7c dealing with de Havilland Aircraft and 8c dealing with Massey-Ferguson Limited, I refer the Chair to Section 79 and 80 of the Financial Administration Act. Section 79 provides definitions for that part of the act and defines a Crown debt as follows:

● (1600)

"Crown debt" means any existing or future debt due or becoming due by the Crown, and any other chose in action in respect of which there is a right of recovery enforceable by action against the Crown;

That is the definition of a Crown debt.

Section 80 of the Financial Administration Act, Chapter F-10 of the Statutes of Canada, states:

Except as provided in this act or any other act of the Parliament of Canada,

(a) a Crown debt is not assignable, and

(b) no transaction purporting to be an assignment of a Crown debt is effective so as to confer

on any person any rights or remedies in respect of such debt.

Therefore, clearly any government guarantees by that definition are Crown debts as defined by Section 79 of the Financial Administration Act; and Section 80 states that no Crown debt is assignable except where an act of Parliament provides that authority to the government. The government is seeking authority by this procedure to perform something requiring an act of Parliament. It is not seeking funds, which is the sole and exclusive route through which an appropriation bill can be put.

I would not want the House or anyone speaking after me to imply that I had not been thorough. I recognize that Section 83 of the Financial Administration Act does say, respecting Section 80:

This part does not apply

(a) to any negotiable instrument, or

(b) to any Crown debt incurred by or in the name of a corporation set out in Schedule C or D.

In other words, incurred by the Crown corporations set out in Schedules C and D. The Financial Administration Act