

*Financial Administration Act*

of this Bill whereby certain corporations can be exempted from the general provisions by regulation. The Government can say of its own accord, without any debate, that it will suspend the operation of Bill C-24 with respect to certain corporations by way of an Order in Council.

I would like to speak about the question of accountability. Who is accountable? Is it to be the chief executive officer of the Crown corporation? Is it to be the board of directors? Is it to be departmental officials? Is it to be the Minister, or is it to be the Cabinet collectively? If anything, this Bill diffuses accountability so widely that in reality no one is accountable. When everyone is accountable, no one is accountable. That is the route we are taking with this Bill. I believe the Bill puts the emphasis on the Cabinet collectively being responsible for major decisions, such as major appointments of chief executive officers, directors and auditors. Cabinet as a whole approves budgets, corporate plans and by-laws.

However, the Cabinet cannot do that detailed type of work. There is no way that the Minister of Transport, the President of the Treasury Board (Mr. Gray) and their colleagues can sit down in a Cabinet meeting and go over the details of literally hundreds of Crown corporations. It is impossible. The hon. gentlemen are already overworked. They have already ceased to think because they are so overworked. We do not want to give them more detailed work. We should take it away from them and allow them to do what they are paid almost \$120,000 a year to do; that is to think. That is what they do not do at the present time. When Cabinet as a whole is made responsible for details, the whole system falls apart.

There is no mention made in this Bill of a parliamentary committee which in my opinion ought to be set up to take Crown corporations under its wing. This is not a perfect solution. Everyone who knows anything about parliamentary committees knows they are not perfect bodies, but I believe this type of approach has worked out reasonably well in the provinces. I believe the Province of Saskatchewan was the province which implemented that idea. This would take some of the load off existing parliamentary committees. We should provide a committee on Crown corporations with competent staff so that it can look into the affairs of Crown corporations in reasonable detail.

There is a tendency for parliamentary committees, especially those which have forceful representation from the Opposition, to want to uncover and publish as many facts as possible that are not particularly advantageous to the Government of the day. This can be good or bad when dealing with corporations of a commercial nature. However, it is no worse than the other route whereby things are dealt with solely by Cabinet and Cabinet committees and the natural tendency is to hush things up and slide them under the rug in hopes that no one will notice things that are seriously wrong with Crown corporations.

I would like to say a few words about the board of directors of Crown corporations. I have always been very puzzled as to what is the real function of a board of directors of a Crown corporation. In private companies they represent the share-

holders. On behalf of the shareholders they approve or disapprove of major corporate decisions. For example, a prime function would be to hire, fire, oversee and set the remuneration of the chief executive officer and certain other top employees. However, in Crown corporations that is not a function of the board of directors. Under Bill C-24 that is done by the Cabinet rather than the board of directors. In a private corporation the appointment of auditors and changes in by-laws are the responsibility of the board of directors, subject, of course, to approval at annual general meetings. In the case of Crown corporations those things remain a Crown prerogative.

This Bill would impose the penalties of the Canada Business Corporations Act upon the directors of a Crown corporation for failure to fulfil their duties and obligations. However, Sir, the Bill does not give them any authority with which to exercise what would normally be the duties and responsibilities of the board of directors. The only conclusion which I can arrive at, that being born of careful observation of Crown corporations, is that the function of the board is to provide patronage and honorary positions, sometimes with reasonable remuneration attached thereto. Let us not kid ourselves. Most appointments are made on a partisan basis as a reward for past services, or occasionally to placate regional interest.

There are a number of other things I would have liked to discuss; however, time does not permit. In conclusion I would like to say that this Bill is full of half measures. Real reform is conspicuously absent. It is a far cry from Bill C-27 which was introduced in 1979 by the Clark Government. Had that Bill been passed it would have cleared up some of the outstanding problems which we have with Crown corporations.

**The Acting Speaker (Mr. Herbert):** There follows a ten-minute period for questions and/or comments.

**Mr. Foster:** Mr. Speaker, I was interested in the comments of the Hon. Member for Western Arctic (Mr. Nickerson). I would like to ask him a couple of questions.

● (1200)

He suggested that the board of directors normally appoints the auditor. If one looks at the Canada Business Corporations Act one will see that the auditor for any company is appointed by the shareholders. In this case it is the Government of Canada.

I think it is also important to note that in this Bill the auditor is appointed by the Government of Canada, who is the shareholder, after consultation with the board of directors. I do not understand how the board of directors, which is not the shareholder, can appoint the auditor. Appointment by the shareholder is a standard business procedure and is in fact a requirement of the CBCA rules.

It is important to note that even Bill C-27, which was introduced by the previous administration, only provided for consultation with the board of directors under Schedule II, the commercial corporations. I believe this legislation provides for that consultation for all Crown corporations and that the