

Financial Administration Act

position it is supported by the Auditor General and by similar actions in those provinces where Crown corporation legislation has recently been reviewed.

The Government will be required by legislation to approve any extension of the activities within the mandates of Crown corporations, whether through the creation of new corporate entities or the acquisition of shares or assets. Government approval will also be required for the disposal of wholly-owned subsidiaries or of major businesses or activities of parent Crown corporations. Specific government approval may be required as well for the disposal of property. Prior government approval will also be required for corporate borrowing and for operating and capital budgets. The Government's responsibility is to ensure that parent Crown corporations have specific objectives against which their performance, including that of their wholly-owned subsidiaries, would be measured.

● (1230)

For this reason, parent Crown corporations will be required to obtain annual government approval of their corporate plans in which the Government will expect a statement of clear objectives for the planning period. Hon. Members may wish to be reassured that in cases where corporations with subsidiary or holding interests submit consolidated plans—the CDIC would be the typical example—there are provisions that each of the separate businesses and activities must be identified.

The government approval procedure which I have outlined does not mean that Crown corporations would be faced with major change in their strategy each year. However, it would be the means whereby the Government would have an opportunity to review corporate objectives and, from time to time, require new policy directions where appropriate.

Situations will undoubtedly arise where the Government will want particular parent Crown corporations to take on specific assignments that are in line with both corporate mandates and broad public policy but which may not, in the board of directors' view, be in the mainstream of the corporation's activities. The legislation therefore gives the Government the ability to issue directives requiring corporations to implement such assignments but only after consultations with the board of directors. The proposed legislation specifically provides, however, that where the Government issues a directive it is the Government, not the board of directors, that would be accountable for the consequences arising from the implementation of such directives.

Nevertheless, it is quite clear in the legislation that the board's duty to implement the directive has to be observed promptly and efficiently. Government directives would be tabled in Parliament and responsibility for them would clearly rest with the Government. It is expected that such directives would be few in number and infrequent.

The corporate plan will provide the primary vehicle through which the Government and the parent Crown corporation agree on the broad objectives for the total corporate entity. The Government considers it inappropriate to issue directives that could be construed as interference in cultural activities

that Parliament has entrusted to certain Crown corporations. The Bill therefore provides that no directive could be issued to the Canada Council, the Canadian Broadcasting Corporation, the Canadian Film Development Corporation and the National Arts Centre Corporation, dealing with the form or content of a project, production or broadcasting program. The same prohibitions will apply to directives concerning the provision of financial assistance by these corporations to any person or group. Any other directive issued to these corporations would be tabled in Parliament and the Bill provides that no action on the directive could be taken until 30 days after the tabling occurred.

In summary, the Government's involvement is reserved for major strategic issues, for matters of public policy, for approval of corporate plans and budgets, and finally, for appointments of the chief executive officers and the board of directors of the parent Crown corporations. For these purposes, the Government will be prepared to deal quickly with matters that often will be of critical importance to the successful operation of the corporation. The Government will be expected to give the parent Crown corporations and, through them, their wholly-owned subsidiaries, clear guidance on policy matters and the Government's requirements for information.

I would like now to turn to the provisions of the Bill relating to the role of directors and managers. Given a clear parliamentary mandate and government concurrence in strategic directives, Crown corporations are responsible for the efficient and effective management of their affairs. Bill C-24 makes it clear that direct responsibility for such management rests with the board of directors. In order that this pivotal role of the board will be beyond question, the Government has restated in this legislation the duty, the responsibilities and conflict of interest provisions applying to directives as they are set out for private sector companies in the Canada Business Corporations Act.

Mr. Blenkarn: Except they don't get indemnity by the Government.

Mr. Ouellet: In short, the responsibilities of the directors of Crown corporations will be those that apply in the private sector.

Mr. Blenkarn: Except for indemnity.

Mr. Ouellet: The Hon. Member talks about indemnity. In many cases the members of boards in the private sector are much better paid than what we are paying in government.

Mr. Blenkarn: Are they, now? How would you like to table the directors' fees in the CNR?

Mr. Deputy Speaker: Order. I would invite Hon. Members to reserve that type of exchange for the committee stage. The Hon. Minister has the floor.

Mr. Ouellet: I want to say that, indeed, a lot of competent and great citizens have agreed to serve on boards of many Crown corporations out of a sense of duty and responsibility to do their share for their country.