

indicated then, as I indicate now before the House, that to add the word "corporation" along with the words "financial statements of the corporation", and so on, as contained in subclause (a) of the amendment of the hon. member for Peace River (Mr. Baldwin), is unnecessary. I am told by the profession and other people that it is really included. An auditor's report would include financial statements of the corporation, and so on. Therefore, the argument is that it is not necessary.

The other matter is more of a policy matter than simply wording. It seeks to make this a mandatory requirement on the part of the auditor general; that he shall do this, or shall do that. Indeed, one of the attempts that we made in the Auditor General Act as it is now before us was to retain and strengthen his independence. We have worded clause 14 so that he exercises his discretion. To change the word "may" to the word "shall" would remove his discretion and make it binding on him to do this. Indeed, I have to tell hon. members that having had this examined by the Wilson committee, and having discussed it with the Auditor General, he feels that if the word "shall" were imposed in the clause or section, it would tend to restrict his responsibility to exercise his professional judgment.

I doubt very much that there would be any suggestion, nor do I imply there would be a suggestion, that the auditor general would ever collude in not exercising his judgment to require this information if he felt there was, by his own professional examination, that necessity. Therefore, it is our preference to leave the wording as is in the bill before us, as it was before the committee. Indeed, we would regret the insertion of the detail in subclause (a) making it mandatory in the case of the auditor general.

● (1720)

Hon. Marcel Lambert (Edmonton West): Speaking to the amendment, may I say I share the views of my hon. friend from Peace River (Mr. Baldwin) about subparagraphs (a) and (c). I tend to agree with the minister that the auditor general is best protected as to his independence by giving him a choice to exercise his judgment as set out in paragraph (2). In paragraph (1) there is no mention of discretion on the part of the auditor general, but there is very definitely a greater power granted to him.

As I understand it, there have been recent cases where it has been held that the books and records of a subsidiary of a Crown corporation need not be produced. Perhaps my hon. friend from Northumberland-Durham (Mr. Lawrence) can confirm that statement. It was the experience of the public accounts committee that an objection on this ground was raised and sustained; a subsidiary need not supply to a Crown corporation or to the auditor general information which is sought. All that subparagraph (a) does is attempt to force the production of that information. It does not in any way inhibit the judgment of the auditor general.

I was extremely surprised to find the minister rejecting the amendment contained in subparagraph (a) of motion No. 6. It may be he does not understand it in the terms I do, but my

hon. friend from Peace River was trying to close a loophole which had frustrated the public accounts committee under the chairmanship of my hon. friend from Northumberland-Durham.

The minister would be the first, I think, if he were ever to sit on the public accounts committee, to want what is contained in subparagraph (a). I would agree with him about subparagraph (b). As far as subparagraph (c) is concerned, I believe my hon. friend from Peace River is right on target, because notwithstanding the preservation of the independence of judgment of the auditor general under subparagraph (c), if he so advises the cabinet or the governor in council that he has failed to obtain, by reason of refusal or inaccessibility, records, documents, and so on, which he thinks he should have, there is still a loophole open: the governor in council may say, "Be a good boy and don't rock the boat. You should not have this information." I say this because final discretion is left with the governor in council. It completely saps the power and independent judgment of the auditor general.

There are in this case two discretionary powers, one following the other, and I would have thought that here, again, the President of the Treasury Board (Mr. Andras), in order to remedy the deficiencies which have appeared in the powers of the auditor general, would have greeted wholeheartedly subparagraphs (a) and (c). I would ask the minister to reconsider his views in light of the representations, especially if my hon. friend from Peace River is prepared, as I think he would be, to withdraw subparagraph (b). I make an earnest plea to the minister. What the amendments do is to plug, not a loophole but a hole in the wall through which one could drive a coach and four or, in more modern terms, a tandem truck. I ask the minister, and members on both sides, to support me in my contention with regard to motion No. 6.

Mr. Baldwin: On a point of order, Mr. Speaker, I am greatly touched by what my hon. friend from Edmonton West (Mr. Lambert) has said, and I am prepared to make a compromise. After all, we are approaching Canada Day and everyone is in an amiable mood. I would be prepared to withdraw subparagraph (b) if the minister will accept subparagraphs (a) and (c).

Mr. Andras: I am most impressed by the eloquence of the hon. members who have spoken and by the reference to Canada Day and the like. But with regard to the question raised by the hon. member for Edmonton West (Mr. Lambert) in connection with the records of subsidiary companies, I may say I know what he is getting at. I will make the point that I attempted to make in another forum—that it is really a matter of definition of subsidiary association with a Crown corporation and definition of a Crown corporation itself. This, in my opinion, is much better left to the definitions section of a revised Financial Administration Act, perhaps in combination with a forthcoming omnibus bill using the Crown Corporation Act as the basic legislation. Even if the amendments in subparagraphs (a) and (c) were accepted, their implementation