

specifically addresses subsidiary Crown corporations. For the first time, therefore, the relevant provisions of the Financial Administration Act include requirements with respect to the subsidiary Crown corporations, providing a rigorous system of reporting and control for them which has been absent to this point.

● (1220)

Hon. Members will observe that the provisions of the Bill distinguish between parent and subsidiary Crown corporations. Primary control by the Government and Parliament will be exercised through the parent companies. I direct attention, Mr. Speaker, to the fact that the Bill provides that subsidiaries will not be able to engage in activities denied to the parent corporations. The Bill provides, moreover, that the Government may extend the controls directly to subsidiaries if it considers such action necessary. The legislation applies as well to the Canada Development Investment Corporation, despite some preliminary suggestions to the contrary. I am sure all Members in the House will be pleased by this decision of the Government.

The Government's ability to direct and influence the activities of corporations in which it has less than 100 per cent ownership is, of course, limited because the rights of the other shareholders must be respected. Where such investments are held by Crown corporations the proposed legislation does, however, require that the Crown corporations be held accountable for their investments. For example, if a Crown corporation holds a minority interest in another corporation, it would be inappropriate for the Government to impose its public policy objective on that enterprise. The Crown corporation would be obliged to account for that investment interest in the corporate plans submitted for government approval.

While the main elements of control are embodied in the legislation, some flexibility will be essential in matters concerning government approval of specific corporate decisions. A single set of controls, as specified in the legislation, applicable to Crown corporations irrespective of their degree of commercial involvement, simply will not work. The necessary flexibility will be achieved through the use of regulations covering such matters as the timing, form and content of corporate plans. I would like to say immediately that the Government is prepared to table the regulations when the Bill goes to committee. When the Bill goes to committee we will immediately give the members of the committee the regulations.

It will thus be apparent, Mr. Speaker, that nothing in the use of such regulations will weaken the statutory role of Parliament. It is important to stress this. The regulations will be there to give flexibility. In no way should this be construed as a reduction in the role and responsibility of Parliament. The regulations are designed primarily to expedite relations between Crown corporations and the Government as a shareholder.

It is fundamental to the Government's position on Crown corporations that the role of Parliament in these matters be clarified. Explicit parliamentary approval will be required for

the establishment of any new parent Crown corporations, for the mandates of these new corporations, and for any subsequent change to their mandates.

This approval could be sought in one of two ways. One approach would be through a special Act. The Bill also provides, however, that in the case of corporations created under general companies legislation, parliamentary approval would be sought through a motion that would enable substantial discussion in the appropriate standing committee. Parliament will continue, of course, to have authority to approve the financing of Crown corporations' activities where appropriations are required.

Parliamentary approval would be required as well for the disposal of any ownership of a parent Crown corporation. Here again the Bill proposes parliamentary consideration of either special legislation or a motion which would be studied in a standing committee. Parliament has the right to expect a systematic flow of timely, pertinent information on the management of Crown corporations.

This would be achieved in the following manner, Mr. Speaker. First, Parliament would be made aware of the objective of Crown corporations for each planning period through the annual tabling of corporate plan summaries.

Second, in their annual reports the parent Crown corporations would be required to report on the extent to which they and their subsidiaries met their objectives for the financial year. These reports as well will be tabled in Parliament.

Third, the approved operating budgets of all parent Crown corporations requiring parliamentary appropriations would be tabled, as would all appropriate capital budgets.

Fourth, all government directives would be tabled.

Fifth, the President of the Treasury Board would table an annual consolidated report on all Crown corporations listing all government corporate holdings and including employment and financial data. Finally, Mr. Speaker, all reports tabled in Parliament would be referred to the appropriate standing committee or committees.

The Government would be responsible for the major strategic decisions of Crown corporations and must, therefore, be in a position to review their plans and requirements. The Bill will give the Government the authority to require that the necessary information be supplied in advance to allow the Government to make proper revisions. This does not mean, however, that the Government should create a parallel management structure which would serve only to diffuse managerial responsibility. It is certainly not in the mind of the Government to do such a thing. Parallel systems are not contemplated and should not take place.

Responsibility for the appointment of the boards of directors of parent Crown corporations will rest exclusively with the Government. It will also appoint the chairmen of the boards and the chief executive officers in all cases where the Act of incorporation does not provide otherwise. It is the Government's view, Mr. Speaker, that the Government, as the single shareholder, must retain this right of appointment. In this