the need for some element of cultural autonomy, but would still respond to the concern that many Canadians have over the lack of accountability of Crown corporations today. I would be very disturbed if, in legislation brought forward by the present government, there were some attempt made to ignore trying to bring in an appropriate regime of accountability for those Crown corporations.

In general, our government was attempting to replace the traditional philosophy behind the Crown corporations' relationship to Parliament. The belief that Crown corporations ought to be incorporated at arm's length from the government of the day and Parliament is outdated and perverse. While the ostensible purpose behind the arm's length philosophy was to insulate Crown corporations from political intervention in their operations, the practical effect was to break the accountability chain between Crown corporations and the government. As a result, on many occasions an environment has been established whereby management has been unresponsive to public policy objectives. To guard against this situation, we proposed that the governor in council should have the power to issue legally binding directives to Crown corporations to pursue objectives that are in the national interest.

I must stress the fact that these directives were to be issued openly, not secretly and not privately as they can be today. They were to be issued in full view so that Canadians would know the reasons and the nature of government involvement in the day to day operation of Crown corporations.

An example of how directive power might have operated was that the provision might allow the government to dictate the location of new facilities in areas of high unemployment, or the buying of goods and services from Canadian companies. This would be an example of where something could be required by the governor in council in the national interest but the Crown corporations would have the right and the power to apply for compensation, if the government's directives resulted in a loss of revenues to them. They could have some compensation to ensure that their profitability did not suffer as a consequence. We could also recognize the direct cost to the taxpayer in terms of directives which were issued in the national interest.

To protect against abuses, however, all powers exercised had to be done publicly and in the form of a written order in council. These directives would then be automatically tabled in Parliament within 15 days of issuance or, if Parliament was not sitting, within 15 days of the beginning of the subsequent session. This type of stipulation would assure that situations could not arise whereby individual ministers could issue directions orally without it being recorded for public scrutiny. Such a stipulation, I might add, is not envisaged in the current government's Canada Post corporation bill. In this bill, responsibility for directive powers can lie in the hands of an individual minister. Those directives can be given orally. This is one of the concerns I have. In the absence of an initiative of the Crown corporation legislation, similar to the one taken by the previous government, at least a number of provisions in the Canada Post Crown corporation bill appear to fly directly in the face of the policy that was established by the previous government, and which the Prime Minister earlier in this session tried to claim as his own.

• (1710)

Some of the other measures we proposed to ensure the general control, direction and accountability objectives of Bill C-27 were, first, a series of provisions that sought to strengthen the boards of directors of Crown corporations when carrying out their responsibilities. These provisions would be nearly identical to those of the Canada Business Corporations Act as they apply to the duties, responsibilities and liabilities of boards of directors. For example, directors would be responsible for the appointment and setting of salaries for vice-presidents. Since this bill put a premium on effective and efficient management, the board is likely to seek out individuals with demonstrated management abilities.

I might also refer here to Bill C-42, the Canada Post Corporation Act, which is very different in that it requires that appointments of vice-presidents of the Canada Post Corporation will have to be ratified by the governor in council and that the governor in council will have the power to set salary schedules of Crown corporation vice presidents. This obviously flies in the face of the concept that the responsibility of the board of directors of a Crown corporation is to manage the day to day activities of the Crown corporation, free from political interference.

A series of provisions was designed to exert control over the financial expenditures and commitments of Crown corporations by requiring their capital budgets to be submitted to the government for approval and continuing scrutiny. At the same time, these provisions allowed for more responsibility and flexibility for members of the boards of directors to develop corporate plans, capital budgets and to manage their own debt financing.

A key provision in Bill C-27 was the clarification of the meaning and implications of the term "agent of Her Majesty" for Crown corporations, especially as it applies to financing. As a result, corporations wishing to arrange long-term borrowing from private sources would have to do so on their own credit rather than that of the Crown. Moreover, the bill called for the accurate reflection in the public accounts of all liabilities incurred by a Crown corporation since, of course, they are liabilities of the Crown until they are fully repaid with regard to principal and interest.

Finally, there was a series of provisions designed to improve the financial management and control of Crown corporations; a range of proposals to provide members of Parliament on both sides with substantially more information about the activities of the Crown corporations; and a provision that would require statutory authority and governor in council approval of any future acquisitions or incorporations by Crown corporations or their subsidiaries. In sum, the provisions of the bill our government introduced set out what we believe to be an effective, workable and comprehensive Crown corporations bill.