

guidance by central government agencies of financial management and control practices in these Crown corporations are virtually non-existent.

This afternoon the President of Treasury Board (Mr. Andras) said we did not look at the 1977 Auditor General's report. Well, I did, and with regard to the control of financial management of Crown corporations the report said: "Progress has not been spectacular". Either through dereliction or through its inability to cope, the government has failed to exercise proper financial control over those Crown corporations which are wholly-owned and are, by and large, direct operating arms of the government.

I do not have time in this speech to get into detail, but I refer the President of Treasury Board and the House to the reports of the Auditor General for 1976 and 1977 and to the proceedings of the public accounts committee dealing with those reports. The government does not know how many Crown corporations there are, and those it knows about it is not managing properly. The response of the government to this criticism of its management of Crown corporations was to commission a Privy Council study which led to a white paper published last year dealing with the direction, control and accountability of Crown corporations.

However, it is worth reminding the President of Treasury Board that prior to his being in that portfolio, in 1973 and 1974, a fairly thorough review of the Financial Administration Act was undertaken to see if it should be revised in order to be more functional and to cater more closely to Crown corporation peculiarities and requirements. The conclusion was that no such revision was either necessary or particularly desirable unless or until the role of and expectations for Crown corporations were first reviewed, revised and updated, with clarification and refinement of all associated mandates.

Those observations are equally valid today. To attempt to improve the direction, control and accountability of Crown corporations, which this Privy Council study very unsuccessfully tried to do, is simply premature. There must be a reassessment. Until the government is prepared to go back to square one and confirm or revise basic corporations' mandates in light of existing and expected national needs, tempered by political objectives, nothing of consequence can be anticipated from trivial adjustments to the Financial Administration Act, which in themselves lack direction or purpose.

The proposal of my party is to establish a select committee of this House to look at mechanisms for reviewing Crown corporations. However, we would not leave it at that. We have some specific suggestions which should be looked at by this committee. We think a review process should be undertaken, including a strategic audit of existing Crown corporations, which would have the following guidelines: What is each Crown corporation contributing to our national welfare or policy goals; what is it costing us; is the Crown corporation vehicle the most appropriate one with which to continue; what mandate particulars will be appropriate for each ongoing Crown corporation to guide its board and management?

The result of such a review would undoubtedly lead to fewer Crown corporations and more clear and more essential man-

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dates. Once it is known which Crown corporations remain after that review, it would be practical, possible and desirable to introduce a program for improved direction, control and accountability of Crown corporations. Only then can we really succeed, and I refer hon. members to proceedings of the public accounts committee to show the difficulty of trying to do that before there is a rationalization in this regard.

In November of 1975 the Progressive Conservative party undertook an extensive analysis or special audit of just 11 Crown corporations. The conclusions of that limited study—limited in terms of the number of corporations but fairly in depth with regard to them—was that seven, or more than half, of the 11 Crown corporations had in fact lost any sense of public purpose; five could be disbanded without any damage or loss to the public interest; two should probably be privatized and the remaining four needed changes in their mandates.

There was a request for specifics. I am prepared to give specifics. The five which could and should be dismantled without any loss or damage to the public interest are Canadian Arsenals Limited, Canadian Defence Construction (1951) Limited, Canadian Commercial Corporation Limited, Canadian National (West Indies) Steamship Lines and Canadian Patent Development Limited. Each of those corporations do perform minor functions which could be brought back in. The two which should be privatized are Northern Transportation Limited and Eldorado Nuclear.

There are a number of Crown corporations which operate as day to day operating arms of the government. These are the so-called schedule C, or agency, corporations. They are a misuse and abuse of the Crown corporation concept, with its arm's length feature. Many of these require public funds. They require appropriations from parliament for their functioning, and as such an arm's length relationship is absolutely inappropriate because normal economics and balances simply do not apply. Again, I refer the minister to the discussions with regard to the Canadian Dairy Commission in the public accounts committee. To apply the term "Crown corporation" to these agencies is a misnomer. These agencies should be brought back under the control of government where the normal checks and balances of ministerial responsibility could apply.

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If it is necessary to have a corporate framework in order to deal with clients, so that separate bank accounts can be maintained, cheques written, funds received and so on, then I would suggest a new type of corporation. It could be called something like a "federal government corporation"—FGC—which would give the necessary flexibility without the implications of arm's length that goes with a Crown corporation. There should not be any arm's length relationship with a corporation that requires annual appropriations from the people of Canada in order that it may function. It is, in fact, a part of government and should not be considered arm's length. I am prepared to discuss with the minister those agency corporations on