

*Financial Administration Act*

bureaucracy which in the last year cost Canada \$4 billion. This subgovernment costs the taxpayers of this country millions and millions of dollars each year.

I would like to give you an example, Mr. Speaker, of the type of things that have happened that have not been addressed effectively by this Bill. This subgovernment is permitted to create such things as letters of comfort. Letters of comfort are guarantees by the federal Government to Crown corporations. We still have not had an accounting of all the letters of comfort that may be outstanding. This matter is hidden from the taxpayers and it is not done with integrity. It is a dishonest practice and it cheats the Canadian public. Letters of comfort represent only one of the items in this Bill that have not been specifically addressed which would stop this spending spree by Crown corporations.

What we object to particularly regarding these letters of comfort is that they have never been approved by the Parliament of Canada. They have never been approved by Members of this House who represent the taxpayer. This practice has to be stopped and a provision to stop it must be put into this Bill. In the Bill Class C-1 and Class C-2 corporations are required to submit corporate plans. There is nothing in this Bill indicating the form or the content. Anything that is required can be done by regulation by the Minister. This does not give us the facts. This can be dealt with differently by each Minister in this House and in the other place.

● (1510)

We are given little enough information about Crown corporations in committee, and we will not be given any more as a result of this Bill. The Minister of State for Social Development in the other place appears before us in committee but never gives us the facts. He never tells us the whole story. Today I read in the newspaper that the President of CDIC says that Canadair will make a profit this year. A magician could not make a profit from that company, the way it is today. I do not know who Joel Bell is kidding. Perhaps he does not expect to keep his job. I do not know the reason for coming out with public statements which are misleading. They are not telling us all the facts. If they ever consider taking a portion of the debt of Canadair, they would be unable to show a profit forever.

The Bill suggests that C-1 and C-2 corporations should prepare operating and capital budgets for a five-year period. The President of the Treasury Board (Mr. Gray), however, can exempt any corporation he wishes. It is similar to the National Energy Program—everything looked fine until we reached the point where the final decision was in the hands of the Minister. We had that changed so that it had to go to the courts. We cannot take everything to the courts. We must deal with problems in the House of Commons. If we are to create three-year and five-year operational plans, they must be for everyone. They must be based on a standard format, and there cannot be exemptions for some corporations over others.

One of my major concerns is that even with this Bill Crown corporations will not be accountable to the Parliament of

Canada. That is very serious. Legislation must include accountability to the House and to Canada.

Also the Bill sets forth the duties of the officers and directors, but they will not operate in the same manner as any private sector corporation in Canada. Cabinet appoints the chief executive officer. Boards of directors in private corporations are elected to appoint chief executive officers. Cabinet establishes remuneration. Boards of directors in private corporations establish the remunerations of chief executive officers. Cabinet appoints the auditors, so that it can pay off its friends in accounting firms across the country. In private corporations, auditors are approved and suggested by boards of directors.

**Mr. Kaplan:** The shareholders.

**Mr. Fennell:** They are not facing the facts. I see the Hon. Solicitor General (Mr. Kaplan) walking out of the Chamber and I hear him making a joking remark. That is terrible. Some of his legislation is terrible, some of his actions are terrible. It is just another example of lack of accountability to the House of Commons.

**Mr. Kaplan:** Mr. Speaker, I rise on a question of privilege. The Hon. Member has accused me of telling a joke. I was in fact simply reminding him that the auditors of a company are not picked by the directors but by the shareholders.

**The Acting Speaker (Mr. Herbert):** That is not a question of privilege.

**Mr. Fennell:** He may say that it is the shareholders, but it is the board of directors that recommends the auditors. Then a shareholder stands and makes a recommendation. If it is the shareholders, every person in Canada should have the option of appointing an auditor and should have a voice as to who is on the board of directors, not just the Prime Minister of the country nor the Cabinet of Canada. It is attitudes like that which destroy the country. Those attitudes have hurt the country and destroyed the economy of Canada.

Furthermore, the Cabinet can direct the board of directors to pass certain by-laws. That is unheard of. It would be the same as shareholders directing the board of directors to pass certain by-laws. I have seen the types of by-laws passed in the House. I would not trust one. The board of directors would have to be awfully good friends of the Liberal Government to be able to endorse any by-laws recommended by that Government.

Our recommendation is that the board of directors should be totally independent of government. They should be appointed on their qualifications, not on their ideologies. This has to be changed.

They talk about comprehensive audits, but they can be modified by Cabinet. That is wrong. The Bill will not stop the proliferation of Crown corporations. They can set up a thousand subsidiaries. Why do they not look at Crown corporations on a joint venture basis? If we get the private sector involved with an entrepreneurial spirit and management skills, we will make them work.