

become a law unto themselves. I am amazed to find there is virtually no orientation in a Crown corporation toward making a profit. For example, when questioned as to why CMHC's profits have fallen in three successive years, I was startled to find the minister in charge of the corporation say: "As far as I am concerned, the lower the profit, the better". When I asked him whether he was on record as saying that, he replied yes, the lower the profit, the better, as far as he was concerned. Surely it is a strange thing that we have corporations that are almost invited to run at something less than significant profitability.

Be that as it may, when this bill was first introduced by the minister he said that he hoped it would get speedy passage through the House. Subsequently, he stated that there would be ample opportunity to discuss the bill during committee stage. I would suggest that that was not so in actual fact. What we found when we got to the committee stage of the bill was that every attempt was made to be secretive and not reveal information to which I believe we in this parliament are entitled. For example, it was not until literally the opening of the first committee meeting that we even received the annual report for 1972 of the Export Development Corporation itself. I would also point out that the Export Development Corporation took it upon itself to tell various exporters who had commitments from that corporation that we were holding up the passage of the legislation both at the committee stage and in the House.

● (1630)

I think what the President of the Canadian Export Association, Mr. J. M. McAvity, stated in a written submission to the committee in Item 5 should be on the record. He said:

At this time, some companies are being cautioned by EDC that their commitments for long term loans and guarantees are approaching the authorized ceiling and, until Bill C-3 is passed, they are not in a position to give any assurance that a loan will be available for new business.

When I questioned Mr. McAvity he indicated it was the Vice-President of the Export Development Corporation, Mr. Chapin, who made that observation to him. I suggest that surely this is a very irregular proceeding when we were invited to make a deep and thorough investigation of this corporation, and in particular this bill at the committee stage, yet we find that those who are guiding the Export Development Corporation take it upon themselves to create a lobby to pressure the bill through the House. Just who is running whom? I feel the minister should not have tolerated that type of behaviour on the part of the executive of the Export Development Corporation.

Then, we come to the first little bit of illegality concerning the corporation. When the bill was first introduced it was stated that the ceiling in respect of the financing Section 29 was \$850 million, and there was the request that the ceiling be raised to \$1.5 billion as stated in the bill. On further questioning, the minister was very definite in stating that in any event the ceiling at no time had been exceeded. That view was maintained right down to the point of handing in the 1972 report to the committee. This is very strange because if you compare Note 2 in the 1972 financial statement with Note 2 in the 1971 statement, you will see that the terminology in respect of what is includ-

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ed in loans under the ceiling was changed very conveniently. It now turns out that the total of the loans committed was not even close to the ceiling. In fact, the figure suggested for the total liability defined under the act was only \$502 million, and there was lots of room under the ceiling of \$850 million.

In support of this position a copy of a cable was handed to the committee dated November 30, 1972 showing that if a projection were taken right up into 1976, at no time, including all disbursements and repayments, would they exceed that magic ceiling of \$850 million. A further schedule was tabled subsequently, dated in January of this year, which showed that in fact that schedule had been offered to the committee for a purpose. The true projections of the corporation were contained in the subsequent January 1973 schedule which showed that there was a substantial over-run as far as the ceiling was concerned.

Let me refer to the specific comment of the president of the corporation during the hearing. He was asked whether in fact the total of loans committed would be over the ceiling now if the same terminology were used in 1972 as was used in 1971 in respect of what is included, and his very clear answer was yes. He was then asked why the terminology was changed and he said it was because of the misleading implications of the statement the year before. In short, we have the President of the Export Development Corporation admitting before a committee of this House that the corporation published a misleading statement the year before. I suggest that, in their hearts, the management of the corporation did not feel the 1971 statement was misleading, but believed they had to cover their tracks in order to ensure that, within the terms of that definition, they were not over the ceiling and the committee could deal with the bill.

Various references were made to the misleading effect of the wording in the earlier statement. Perhaps it is sufficient to say there is no doubt these statements have been put in a most convenient form to serve their own purpose. What was done was illegal, yet rather than admit the illegality the corporation asked for, and apparently received a convenient legal opinion which allowed it to calculate the ceiling liability in a different way than it had been calculated in the previous year. One might wonder why the corporation was so urgently trying to get this legislation through. As the President of the Export Development Corporation admitted to the committee, if the corporation used its own definition of the ceiling, the total of loans committed would still not be above the \$600 million ceiling the corporation asked to have increased back in 1971. How ridiculous can you get? They came to this parliament in 1971 asking to have the ceiling increased from \$600 million to \$850 million. This year they asked that it be increased from \$850 million to \$1.5 billion, yet they admit they were still not over the ceiling which existed in 1971.

Let us consider another odd thing. In the 1972 report we find significant qualification by the Auditor General of Canada. The Auditor General pointed out that the corporation was involved in the provision of financing to the extent of \$485 million for the purchase of a replacement aircraft without seeking a parliamentary appropriation.