

Financial Administration Act

On the second question, I agree entirely. I do not think we need bureaucrats on the board. Although they have been there, I believe it would be possible to have a reporting system work well without the deputy minister or a bureaucrat on the board. If the board has the responsibility to report to the Minister, you could dispense with the conduit or whatever. The structure, mandate and necessity of the corporation to stick to the mandate must be there, as well as the will of the Government and the corporation to fulfil it properly.

Mr. Foster: Mr. Speaker, the Hon. Member expressed concern that subsidiaries of parent Crown corporations would not be subject to the same corporate plans and budgets being approved by the Government and reported to Parliament. Has the Hon. Member looked at Clause 130, which states:

Each parent Crown corporation shall annually submit a corporate plan to the appropriate Minister for the approval of the Governor in Council on the recommendation of the appropriate Minister and, if required by the regulations, on the recommendation of the Minister of Finance.

Subclause (2) states that the corporate plan of a parent Crown corporation shall encompass all the businesses and activities, including investments of the corporation and its wholly-owned subsidiaries, if any. It goes on to spell out the details of that corporate plan. The Hon. Member may have overlooked that. It is an important point that the corporate plan of parent Crown corporations spell out the details of activities of subsidiaries, and those subsidiaries can act only in areas in which the parent Crown corporation has responsibility for financial or corporate activities. Has the Hon. Member had an opportunity to look at that clause?

Mr. Hovdebo: Mr. Speaker, I recognize exactly what the Parliamentary Secretary is talking about. However, if you look through the Bill very carefully, you find it is quite possible for the corporation to buy or sell a subsidiary corporation without referral to Parliament. In the process, you lose control of that operation entirely. When subsidiaries at the second, third or fourth level become a line in the development plan, if the will is there, it might happen. A third tier corporation with a manager who has done his own thing for a long time is not going to make a report which has to go through the second and first corporations to get to the Cabinet. It might be there, but that does not guarantee it will happen. The mandate has been there before, but they have not fulfilled the mandate. Why should we believe because it is here in this form without a requirement for development and expenditure of money that it will happen any more now after the Bill is passed than at present?

The Acting Speaker (Mr. Herbert): Are there any further questions or comments? If not, we will continue debate.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, when the President of the Treasury Board (Mr. Gray) tabled this Bill on March 15, 1984, he put out the usual press release. I refer to Bill C-24, an Act to amend the Financial Administration Act in relation to Crown corporations and to amend other Acts in consequence thereof. The

press release stated what the objectives of the Bill would be. In very grandiose terms, the Minister stated:

The objective of the new Bill is sound management of these important instruments of national interest.

He went on to say that the legislation is designed to strengthen the control and accountability of Crown corporations. That is a very laudable goal. It certainly is an objective that should have the endorsement of all Members of Parliament. I am sure that the Parliamentary Secretary, or the Minister if he were here, recognized that strengthening the control and accountability of Crown corporations is something that members of the Official Opposition have been advocating for years.

As the Government, we introduced a Bill designed to do that. That was some five years ago. If this present legislation could meet that objective, I am sure it would have the support of all Members of this House. The problem is that it does not meet that objective. It fails lamentably in meeting the objectives spelled out by the President of the Treasury Board. I will spell out some of the shortcomings as I speak. I mention this because we have heard so much about Crown corporations over the years. They have come to assume a massive place in the economic development of this country both in number and in financial importance.

If one were to look at the number of Crown corporations listed by the Government, there are currently some 315 Crown corporations. More are being created each year. There are also 180 mixed and joint venture enterprises in virtually every field of economic and social responsibility. These 315 corporations are of enormous difference and variety. They range all the way from such grand operations as the Canadian Broadcasting Corporation, Canadian National and Petro-Canada to such minute Crown corporations as the Crane Cove Oyster Farm in Nova Scotia and the Mingan Association fishing camp in Quebec. There is obviously a great variety of Crown corporations. However, the true importance of the situation with regard to Crown corporations becomes apparent only when one realizes that the Auditor General, in his 1982 report, calculated that Crown corporations have combined assets of \$67 billion and that they employ something like 263,000 people. They employ 25,000 more people than the Public Service of Canada. In his report of 1982, the Auditor General said:

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In the majority of Crown corporations audited by the Auditor General, financial management and control is weak and ineffective. Moreover, co-ordination and guidance by central government agencies of financial management and control practices in these Crown corporations are virtually nonexistent.

That statement was contained in the very important document put out by the Auditor General in 1982. I presume that the Minister brought in this piece of legislation to address that very criticism. The need for that is so critical because of the magnitude and variety of Crown corporations, the amount of money involved and the fact that the Auditor General had indicated that they were out of control.

We are speaking of \$67 billion worth of taxpayers' assets. There must be accountability for that money and there must