

Standing Committee on Public Accounts suggested that the Minister must be aware of the financial status and the activities of the corporations at all times. Possibly the Act suggests that that is what should happen as well. However, if we look at the Act, we see that there is plenty of room for corporations to go in their own direction, to spend money and to make Canadians responsible for it later. One suggestion was that they must present a corporate plan to the Government of Canada and eventually to committee. However, that is not a solid operation because it occurs only in the case of parent corporations. Subsidiary corporations are not required to make that same kind of public explanation.

Also the Public Accounts Committee suggested that every significant decision made by corporations which would change their direction should be within the knowledge of the Minister. If the Government had a particular direction in which it wanted to go, the Committee also suggested that it was the responsibility of the Minister to present that direction to the board of directors of the corporation. Of course, he also had responsibility to see that there is a strong and effective board of directors and management of the corporation. As well he had responsibility continuously to put before the company the objectives which the Government expected from it.

The Minister has failed to do all these things in the case of Canadair. As the shareholders' representative, he said: "Here is all the money you want. We will pass letters of comfort and give you further financing if you need it, but we trust you and you go in the direction you want". That corporation did not stop its direction until it was \$1.4 billion in the hole.

This Bill should be looking much more thoroughly at the responsibility of boards of directors and how they relate to the Minister or to Cabinet. Also it should look at the responsibility of management. For example, the management of Canadair was related too closely to the Minister's office. The board of directors was left out in the cold and it became an ineffective operation before too long. If one has been watching CDIC developments closely, one will have seen the suggestion that government should have a much more effective control of management and be much closer to management, possibly eliminating the need for a board of directors. Perhaps that will happen.

There are a number of recommendations at which we should look closely when considering this Bill. When Crown corporations are used as vehicles for public policy, the direction in which the Government wants them to go should be enunciated clearly and directly at all times. That has not happened with Canadair, Petro-Canada or CNR, which has been a Crown corporation for many years. The need to make companies operate for the benefit of Canadians is important.

Somehow we have developed in Canada government by bureaucracy. For instance, CDIC has four or five deputy ministers on its board of directors. Although we need a connection, we do not need too much control. The Government should monitor Crown corporations to ensure that they do what they are supposed to do. However, we do not need a situation where the bureaucracy advises the Government as

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well as the management and passes the word back to the Government that things are going well. In the case of Canadair, that cost us \$1.4 billion. It is likely to be the case in other situations as well. There is no need to have ineffective or inefficient management, but this can happen if we allow too much direct intervention of government in situations without a mandate which everyone knows should be there.

The Acting Speaker (Mr. Herbert): There follows a period of up to ten minutes for questions or comments. The Hon. Member for Calgary South (Mr. Thomson).

Mr. Thomson: Mr. Speaker, how would the Hon. Member recommend that we hold Crown corporations to their mandates? For example, in the case of Petro-Canada, Parliament approved its mandate. As I recollect it, it was to have a window on the industry and primarily engage itself in frontier exploration. We know that it has strayed from its original mandate. However, what sanction process would the Hon. Member visualize to come to grips with a great number of Crown corporations, not only Petro-Canada? As all Hon. Members know, in all good conscience we approve a particular mandate for a Crown corporation. A number of years go by and it has strayed so far from its mandate that its original purpose is completely lost. What process or what means of sanction would the Hon. Member recommend putting forward?

● (1230)

My second point concerns the appointment of deputy ministers or bureaucrats to boards of directors. The Hon. Member suggests that perhaps a bureaucrat is needed on a board of directors to act as the conduit of information from the corporation to the Government. Surely if the Minister is held accountable for a corporation, it is incumbent upon the board of directors and management to provide the Minister with that information without the bureaucracy being represented on the board. As the Hon. Member pointed out, there is the danger, as in the case of Canadair, that the bureaucrat on the board ends up talking to himself as the bureaucrat representing the Government. As the Hon. Member correctly points out, this is one reason for the problems that have evolved in a number of Crown corporations, including Canadair.

Mr. Hovdebo: Mr. Speaker, I agree with the Hon. Member entirely that quite often the mandate of a corporation becomes unrecognizable. The process of keeping the Crown corporation to its mandate is partially dealt with in this Bill, but not the method that will guarantee it. I suppose that is what the Hon. Member is talking about. Public exposure is one factor that could do it. In hindsight, this certainly occurred in the case of Canadair.

The other approach is the necessity for a Crown corporation to get money, if it requires money, from Parliament rather than having the authority to get it as it pleases. That would be restrictive for the corporation but maybe that is what is needed. Maybe we should not develop corporations without the direct knowledge of Parliament.