

*The Economy*

On the employment side the deputy ministers were given authority to do their own hiring. They did their own spending and their own hiring. We are presently conducting an investigation to ascertain the effect. How many violations of the Public Service Employment Act were revealed in the audit by the Public Service Commission of some 6,000 appointments in 1974? Something like one-third of them were in violation of the act. I am not citing these examples to suggest that the process of constantly seeking new ways of doing things is without purpose. It does have a purpose. What I am suggesting is that there is no need to create another special committee to study these things because, in my opinion, it would not make a significant contribution. Turning to the second paragraph of the motion, it reads as follows:

● (2012)

methods to limit the growing and undemocratic use of regulations;

I do not like the use of regulations where it should be possible to legislate, but I do not know how we can escape it. The House cannot deal with the legislative priorities which are placed before it now. The measures the government places before the House in any particular session do not receive orderly and prompt consideration in the management of House business because of the archaic rules under which we operate. The more the presentation of legislation is thwarted, the more there will be pressure to do things by regulation and under statutory instruments which might perhaps be better done in other ways.

There is a joint Standing Committee on Regulations and Other Statutory Instruments of the House and the Senate. It has done some very good work. The members of that committee have acted in a non-partisan fashion trying to come to grips with this problem of what is happening in the multiplication of these instruments. Do hon. members opposite want to create another omnibus special committee to look at these and duplicate the work of the Standing Committee on Regulations and Other Statutory Instruments? Is that a solution to the problem? Hon. members should become involved in that committee, participate in its affairs, and allow that committee to come to grips with the problem. It is a very real problem; I do not wish to minimize it.

Turning to the third paragraph, it reads as follows:

the criteria by which the government would divest itself of those Crown corporations which play no useful role in the public sector;

**Mr. Friesen:** Just like the NCC.

**Mr. Francis:** I suggest that is a simplistic view of the problem. As a member of the Standing Committee on Public Accounts, I participated, along with many other hon. members, in the review of two Crown corporations which gave us cause for concern: Polysar and Atomic Energy of Canada, Ltd. If I may be so bold as to say, the problem is not that they should never have been Crown corporations. The problem is caused by evolution, growth, change in function and responsibility of these Crown corporations, without the corresponding surveillance that they should have received. Atomic Energy of

[Mr. Francis.]

Canada, Ltd. began its life as a research organization created by order in council in wartime. It was very necessary. For many years its function continued in that capacity. It expanded into the use of radioactive isotopes and radioactive cobalt for the treatment of cancer. It developed a health division.

Then this Crown corporation came into an entirely new age: the development of atomic energy and nuclear reactors. This transformed a small research-oriented Crown corporation into a multibillion dollar, multinational corporation almost overnight. It was in the business of selling atomic reactors abroad at a price of \$400 million each and up.

A technology was developed in Canada of which we were justly proud. It was one of the outstanding achievements of Canadian science and engineering. I am referring to our heavy-water cooled, natural uranium without enrichment CANDU reactor. As part of the development of that reactor, the responsible Crown corporation had to envisage a program. The acceptance by Ontario Hydro and domestic consumers was readily obtained in the beginning. In order to produce reactors of the necessary size and scale, there had to be a regular production schedule established. There were gaps in that schedule for the marketing of those reactors. The corporation undertook a program of aggressive sales abroad. Because of its insufficient resources, marketing skills, management skills, experience in sales and contract negotiations, the corporation was not equipped for the task it was called upon to do. Competitors abroad were very well equipped. In the United States Westinghouse knew the business backwards and forwards. When AECL was reaching a point of going into sales in some parts of the world, there was a question of what was necessary to gain acceptance of the product. There was a strong suspicion, in the case of one or two sales, that irregular payments may have been made to influence the governments of the purchasing countries.

Having broken through by the use of agents and the payment of large commissions, which were not substantiated by accurate documentation, the Crown corporation did something which was absolutely unforgivable according to our scales: it lost a lot of money in its Argentine sale. The process of growth and development of a Crown corporation attracted public attention when it lost money. That is when the matter became serious, and that is when it brought headlines.

The problem of Crown corporations is not whether we should have them or not. That is what the third item of the motion suggests: "... Crown corporations which play no useful role in the public sector." If a committee restricted itself to these terms of reference for a long period of time, it would come up with exactly nothing in the way of findings. One could find a reason for every Crown corporation. If a person restricted himself to these terms of reference, he would miss the real problems which the Crown corporations had to face as a result of a change in their nature, function, status and the scale of which they were doing business.

In his 1976 report the Auditor General made some very blunt points, and the government has reacted. A very interesting document was prepared by the Privy Council and made