

HOUSE OF COMMONS

Monday, April 30, 1984

The House met at 11 a.m.

● (1110)

GOVERNMENT ORDERS

[English]

FINANCIAL ADMINISTRATION ACT

MEASURE TO AMEND

The House resumed from Friday, March 23, consideration of the motion of Mr. Ouellet (for Mr. Gray) that Bill C-24, an Act to amend the Financial Administration Act in relation to Crown corporations and to amend other Acts in consequence thereof, be read the second time and referred to the Standing Committee on Miscellaneous Estimates.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I appreciate the opportunity to say a few words this morning about Bill C-24, an Act to amend the Financial Administration Act in relation to Crown corporations and to amend other Acts in consequence thereof. I have read many Bills during my lifetime but I have never read a Bill which contains so many contradictions as this Bill. In fact, it is a jungle of contradictions. I want to deal with some of these contradictions today. If this Bill is eventually to pass, certainly a number of its measures, particularly the ones I will mention this morning, should be amended, completely overhauled or completely restructured.

The first contradiction that I find is that the Bill implies that the Minister is responsible for the Crown corporation. It would certainly be commendable if that were true. However, when one reads the Act further one finds that the Minister really has very little authority. It is the Cabinet that exercises most of the powers, not the Minister. The Cabinet appoints the directors and gives approval to operating and capital budgets. It appoints the chief executive officer. In other words, the Minister is not responsible for the operation of the corporation. Since the Cabinet is responsible this means that there are 20 or more Ministers who are responsible. In other words, what is everybody's business is nobody's business. This explains why many of our Crown corporations have gone awry and have fallen into ridiculous financial positions. Crown corporations are responsible to several Ministers yet really responsible to no one. That is the first contradiction.

The second contradiction concerns the duties and responsibilities of directors. In the private sector an essential duty of a board of directors is to hire and monitor the chief executive

officer. This is not so with Crown corporations as it is set out in this Bill. It is not the board of directors that has that responsibility but the Cabinet which appoints the chief executive officer. Therefore, the chief executive officer is responsible to the Cabinet. The Cabinet hires and sets out the pay of the chief executive officer and, of course, it is unheard of to fire a chief executive officer. That authority rests with the Cabinet, not the Minister or a board of directors, even though it is the chief executive officer who will be responsible for the day to day operations of the corporation. That is the second contradiction.

Third, in the private sector the board of directors appoints the auditors. They are responsible to the board of directors. This is not the case here; according to this Bill, it is the Cabinet which appoints the auditors. This means that the auditors are responsible to the Cabinet; in other words, to no one. When one is responsible to 25 Ministers, one is responsible to no one since there is no one to assume that responsibility.

Another contradiction is that the board of directors in the private sector approves, varies or rescinds by-laws. While the Bill states that the board of directors may make by-laws, this is not so according to Clause 124(1) and 124(2). Cabinet approves, varies and rescinds by-laws. What do the directors do? They rubber-stamp whatever Cabinet does. Anything or everything Cabinet does is rubber-stamped by the board of directors. Cabinet can even order the board of directors to approve a by-law or to repeal a by-law. The Minister responsible does not do this. Cabinet may order the board of directors to approve or repeal a by-law. One begins to wonder why we even have a board of directors under this Bill. Everything has to go to Cabinet. No wonder most of our Crown corporations are losing money when Cabinet takes on these responsibilities and the chief executive officer and board of directors are responsible to Cabinet.

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There are a few other interesting items about directors in this Bill. If Cabinet gives a directive to the board of directors, the directors must implement same. The board of directors is set up to run a particular corporation. It is supposed to be closest to the corporation and very close to the chief executive officer. However, if Cabinet gives a directive to the board of directors, the directors must implement it. It has no choice at all, whether it is right or wrong. Again, no wonder many Crown corporations are losing money with a legislative set-up such as this. The directors are not accountable for any consequences arising out of the said directive. I suppose that is understandable when Cabinet tells the directors that they have