

great geographic expanse nor was the population large enough to provide the kind of marketplace necessary for it to function. Because of our historical experience, the concept of Crown corporations finds easy acceptance among the Canadian people. All of us would admit that Crown corporations have played a very formative and important role in the development of Canada.

Now we move to a new phase. One of the watersheds of the new phase was the year-end interview of the Prime Minister (Mr. Trudeau) in 1975. Speaking to one of our newsmen, he said that the marketplace was just not functioning properly and, therefore, the Government would have to intervene and get more active in the marketplace.

I think many Canadians have concluded that many government programs have been designed to make certain that the market-place was not functioning properly and that it would not be able to function. Canadians have also concluded that many of the regulations which have been put in place and a number of the Crown corporations which have been instituted over the years were there for no other reason but to ensure that the marketplace would not and could not function properly; then the Government would have a reason to move in and to substantiate the remarks of the Prime Minister in December, 1975, when he said that the marketplace was not functioning properly.

• (1140)

I am not perpetuating simple, idle gossip. I would like to refer to the example of the insulation business. All of us understand that the insulation business, glass wool and rock-wool, is a fairly prosperous and thriving business in Canada. There are many good companies providing healthy competition in the marketplace. All of them are doing good work. Perhaps they need some supervision, but they are doing good work. However, several years ago Petro-Canada, that new national institute, began to proliferate and formed a new company called "Canertech". It is a wholly-owned subsidiary of Petro-Canada. It began its own life cycle and began to spawn its own companies. It purchased a substantial interest in a company known as Pacific Enercon, a company that was begun by an American, a Californian. It was a multi-million dollar business, but it was losing money and was apparently about to go bankrupt. That is just the kind of company Canertech was looking for, so it invested something like \$4 million in this losing company. Then it began operations in the rock-wool insulation business but it is still losing money.

Now we have a situation where Pacific Enercon with tax dollars is injecting a new player into the marketplace. The insulation business was doing all right before, and now Pacific Enercon, with our tax dollars, can compete unfairly in the marketplace and ensure with our subsidies that it can create havoc for the other insulation companies. Government corporations have now entered into a new era. They are there to compete unfairly with healthy companies and with that competition try to ensure that healthy companies, which under

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normal circumstances would do all right, fail and then that segment of the marketplace is left for them.

Bill C-24 is no ordinary housekeeping Bill to tidy up interrelationships among Crown corporations. It is a Bill to ensure that unfair competition will be a permanent factor within the marketplace. This will come about as a result of several key measures in the Bill. The first is that Cabinet can issue directives to any parent Crown corporations. Clause 154 enables Cabinet to issue directives to Crown corporations and to alter the working arrangements within them. According to this clause directives can be issued and, while they are tabled in the House of Commons 15 days after the beginning of the next sitting, they do not have to be tabled if the Minister feels that it would be detrimental to the commercial interests of a Crown corporation. There we have the institutionalizing of unfair competition.

If the Government believes in Crown corporations, it should let them compete on a fair basis. If it is to be fair, it must be fair for all players. However, a provision in the Bill allows the Minister to withhold vital information on how a Crown corporation is functioning.

Second, Cabinet can review all parent Crown corporation by-laws with power to change those by-laws. Third, Clause 127 allows Crown corporations to indemnify their representatives against civil, criminal or administrative action. That is about as ominous a provision as there could be. In effect, it says that Crown corporations under these provisions will be able to do things which if not illegal are certainly unethical, and that if they are taken to court, tax dollars could be used to pay court costs so that they can defend themselves.

We have that kind of attitude already in the fact that Crown corporations are a law unto themselves. I wrote a letter to Canertech several months ago. I received this reply: "I am not in a position to discuss the company's current financial situation". Here we have a Crown corporation operating with tax dollars as though it is a private enterprise, but saying that it is not accountable to a Member of Parliament and will not divulge its financial information.

These are some matters which seriously infringe upon the rights of the market-place. I contend that they are designed to ensure that the market-place cannot function and the Government has an excuse to move in.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, certainly it should be evident to every Member of Parliament that there is a need for Crown corporations legislation to ensure some element of accountability and control over the number of Crown corporations we have today.

In recent days the Government released a booklet prepared by the Treasury Board of Canada Secretariat entitled *Crown Corporations and Other Canadian Government Corporate Interests*. It is dated March, 1984 and it is interesting in that the Government attempts to catalogue the number of Crown corporations in which it has an involvement, either through direct ownership or through joint ownership or other investment. The booklet lists the number of Crown corporations,