AUTONOMY AND ACCOUNTABILITY IN THE CROWN CORPORATION
AS ILLUSTRATED BY THE BRITISH COLUMBIA DEVELOPMENT CORPORATION

by

LYNDA VALE MARY THORN
B.A., University of British Columbia, Vancouver, 1973

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS
in
THE FACULTY OF GRADUATE STUDIES
THE SCHOOL OF COMMUNITY
AND REGIONAL PLANNING

We accept this thesis as conforming
to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA
October, 1977

© Lyndagale Mary Thorn, 1977
In presenting this thesis in partial fulfilment of the requirements for an advanced degree at the University of British Columbia, I agree that the Library shall make it freely available for reference and study. I further agree that permission for extensive copying of this thesis for scholarly purposes may be granted by the Head of my Department or by his representatives. It is understood that copying or publication of this thesis for financial gain shall not be allowed without my written permission.

Department of COMMUNITY AND REGIONAL PLANNING

The University of British Columbia
2075 Wesbrook Place
Vancouver, Canada
V6T 1W5

Date OCTOBER, 1977
ABSTRACT

As Canadian governments take a more active part in the management of the economy, they face the question of how to organize as efficient and socially responsible entrepreneurs. Increasingly, both federal and provincial governments have chosen the crown corporation form of public enterprise; this type of organization offers the advantages of a private corporation as well as the mechanisms to ensure accountability to government in important matters of policy and finance.

This thesis considers the balance between operating autonomy and public accountability in the crown corporation form of public enterprise. Specifically, this is a case-study investigation of the organization and operation of the British Columbia Development Corporation.

The British Columbia Development Corporation is the first body constituted as a separate public enterprise in British Columbia to promote industrial development at the provincial level. Acting under a broad mandate, the corporation has the potential for substantial impact on the spatial and sectoral pattern of industrial growth throughout the province. Moreover, the British Columbia Development Corporation's industrial promotion activities are indicative of more general economic policy. While the corporation was established to have direct impact on industry per se, this objective will affect other areas of economic policy concern such as overall provincial economic growth, financial stability,
employment, and regional development, as well as such policy considerations as environmental protection and quality of life. Thus, the British Columbia Development Corporation may be considered to be an important instrument whereby the provincial government may institute long-range developmental planning in British Columbia.

An analysis was undertaken of the incorporating statute, government documents, and publications of the British Columbia Development Corporation to define the balance between operating autonomy and public accountability. It was concluded that despite the form, government can organize public enterprise so as to exercise as much or as little centralized control as is considered necessary. In deference to the British Columbia Development Corporation's highly persuasive mandate for influencing industrial development in British Columbia, it was determined that the corporation fulfills its objectives with limited statutory autonomy. Analysis of the activities pursued by the corporation between 1973 and 1977 supported this conclusion. The operational role of the British Columbia Development Corporation was found to be closely dependent on changes in the political environment under the New Democratic Party and Social Credit Party administrations.

This thesis concludes with recommendations suggesting procedures which might clarify the relationship between
the Legislature, the competent minister, and the crown corporation to increase corporate accountability to elected politicians and, ultimately, to the public.
ACKNOWLEDGEMENTS

Undertaking a post-graduate thesis is a task which cannot be accomplished without considerable assistance from many sources. Dr. Craig Davis of the School of Community and Regional Planning was instrumental in my pursuit of the thesis topic by providing encouragement in the initial stages. Throughout the thesis project Phil Paulson of the Greater Vancouver Regional District provided constructive criticism, encouragement, and continuing interest for which I am very much indebted. A note of thanks to those people whom I interviewed, for their co-operation and forbearance in answering my questions.

I would particularly like to thank Bob Yates and Chris Guild for their support and their continuing friendship despite all the tribulations which this thesis caused.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>i</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>iv</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>vii</td>
</tr>
<tr>
<td>CHAPTER ONE - INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>Issues and Objectives</td>
<td>1</td>
</tr>
<tr>
<td>Definition of Terms Used</td>
<td>3</td>
</tr>
<tr>
<td>The British Columbia Development Corporation as a Case-Study</td>
<td>10</td>
</tr>
<tr>
<td>Study Approach</td>
<td>12</td>
</tr>
<tr>
<td>CHAPTER TWO - THE CROWN CORPORATION FORM OF PUBLIC ENTERPRISE</td>
<td>16</td>
</tr>
<tr>
<td>Canadian Crown Corporations</td>
<td>16</td>
</tr>
<tr>
<td>Characteristics of the Crown Corporation</td>
<td>19</td>
</tr>
<tr>
<td>Autonomy and Accountability in the Crown Corporation</td>
<td>29</td>
</tr>
<tr>
<td>CHAPTER THREE - BACKGROUND AND FACTORS LEADING TO THE ESTABLISHMENT OF THE BRITISH COLUMBIA DEVELOPMENT CORPORATION</td>
<td>32</td>
</tr>
<tr>
<td>At the Federal Government Level</td>
<td>33</td>
</tr>
<tr>
<td>At the Provincial Government Level</td>
<td>39</td>
</tr>
<tr>
<td>Co-operation Between Canada and British Columbia</td>
<td>44</td>
</tr>
<tr>
<td>CHAPTER FOUR - THE ORGANIZATION OF THE BRITISH COLUMBIA DEVELOPMENT CORPORATION</td>
<td>48</td>
</tr>
<tr>
<td>Characteristics of the British Columbia Development Corporation</td>
<td>49</td>
</tr>
<tr>
<td>Ministerial and Legislative Supervision of the British Columbia Development Corporation</td>
<td>60</td>
</tr>
<tr>
<td>Organizational Autonomy and Accountability in the British Columbia Development Corporation</td>
<td>69</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS - Continued

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>The Operation of the British Columbia Development Corporation</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>The New Democratic Party Administration, 1973 to 1975</td>
<td>76</td>
</tr>
<tr>
<td></td>
<td>The Social Credit Party Administration, 1976 to 1977</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>Operational Autonomy and Accountability in the British Columbia Development Corporation</td>
<td>105</td>
</tr>
<tr>
<td>6</td>
<td>Summary and Conclusions</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>Canadian Crown Corporations</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>The British Columbia Development Corporation</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>Recommendations</td>
<td>122</td>
</tr>
</tbody>
</table>

SELECTED BIBLIOGRAPHY                                                                 127

APPENDIX 1 - FINANCIAL ADMINISTRATION ACT, 1951 PART VIII                                          133
(SEE POCKET)

APPENDIX 2 - STUDY APPROACH                                                                    181a

APPENDIX 3 - LIST OF INTERVIEWS                                                                 183

APPENDIX 4 - PROVINCIAL CORPORATE INDUSTRIAL DEVELOPMENT AGENCIES AND INDUSTRIAL ASSISTANCE PROGRAMMES IN CANADA, 1972                   185

APPENDIX 5 - DEFINITION OF EQUITY FINANCE                                                      197

APPENDIX 6 - BILL 6, 1973                                                                       199

APPENDIX 7 - THE DEVELOPMENT CORPORATION OF BRITISH COLUMBIA ACT, 1973                                        211

APPENDIX 8 - PASSAGE OF BILL 102 THROUGH THE LEGISLATIVE ASSEMBLY              226

APPENDIX 9 - APPOINTMENTS TO THE BOARD                                                        228

APPENDIX 10 - CHARACTERISTICS OF THE PROVINCIAL ECONOMY AND IMPLICATIONS FOR ECONOMIC DEVELOPMENT                  232
### LIST OF FIGURES

<table>
<thead>
<tr>
<th>FIGURE</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BCDC's Assigned Role, 1973 to 1975: Land Development</td>
<td>85</td>
</tr>
<tr>
<td>2</td>
<td>BCDC's Assigned Role, 1973 to 1975: Financial Assistance</td>
<td>86</td>
</tr>
<tr>
<td>3</td>
<td>BCDC's Assigned Role, 1973 to 1975: Professional Services</td>
<td>87</td>
</tr>
<tr>
<td>4</td>
<td>BCDC's Assigned Role, 1973 to 1975: Industrial Decentralization</td>
<td>88</td>
</tr>
<tr>
<td>7</td>
<td>BCDC's Assigned Role, 1976 to 1977: Assistance to Government Departments and Agencies</td>
<td>100</td>
</tr>
<tr>
<td>8</td>
<td>BCDC's Assigned Role, 1976 to 1977: Expeditor Role</td>
<td>101</td>
</tr>
</tbody>
</table>
ISSUES AND OBJECTIVES

The question of how government can organize itself to be an efficient and socially constructive entrepreneur, consistent with its political responsibility, is of considerable importance. The scope of activity which a government can pursue depends upon its ability to institute the form of public enterprise most appropriate to the defined entrepreneurial need. At the same time, effective political and legal control of the enterprise must be maintained. The creation of public enterprise will inevitably involve "balancing the twin dimensions of all democratic activity, namely the desire for better integrated policy development under the direction of elected politicians and the equally strong concurrent desire for fair processes and procedures for determining policy and for making decisions in individual cases."¹

The issue of autonomy and accountability is inherent no matter which form of public enterprise is selected by government. As the United Nations Handbook of Public Administration opines, the departmental administration, the joint stock company, and the crown corporation are forms of public enterprise in which each achieves "a different balance

between the objectives of operating autonomy and government control of their major policies."¹ Of these three forms utilized in Canada, the crown corporation has most frequently been adopted by governments requiring a special status for their commercial or business-related endeavours.

The key issues which emerge from the creation of public enterprise are the extent to which the enterprise operates autonomously from political regulatory authority and the extent to which it is held accountable to public and political bodies for its conduct.

It is the major objective of this thesis to examine the crown corporation form of public enterprise with a view to understanding how the concepts of autonomy and accountability operate in practice. Specifically, this is a case-study investigation of the organization and operation of the British Columbia Development Corporation (BCDC), including consideration of the procedures by which the government of British Columbia both delegates authority and ensures accountability in a crown corporation.

There are two issues raised in this study. The first issue is the degree of autonomy accorded BCDC by the provincial government as evidenced in the organization of the corporation. In the sense that BCDC is an institution brought into existence by action of the government it is a part of the public administrative structure and accordingly,

accountable to it. However, the extent of this accountability and the methods by which accountability is ensured are complicated by the need for BCDC to operate in the business community as an industrial development agency free from partisan political pressure. The basic questions raised by this issue include: what are the advantages of the crown corporation form in the provincial government's promotion of industrial development in the province; what are the statutory powers invested in BCDC which facilitate corporate autonomy; and what mechanisms does the provincial government exercise to ensure accountability in BCDC?

Another issue with which this study is concerned involves the operational role of BCDC as a mechanism for achieving provincial policy objectives. What needs to be determined is the degree of autonomy BCDC exercises in practice, in making provincial industrial policy. In trying to determine BCDC's role as policy-maker or policy-implementor several questions arise: what is the industrial policy of the provincial government; what industrial promotion activities has BCDC undertaken; and how has BCDC's activities re-inforced governmental objectives?

DEFINITION OF TERMS USED

A number of terms are used frequently which are central to the understanding of this study. The terms which require some definition are: public enterprise; crown corpora-
tion; industrial development agency; autonomy; and accountability.

i. public enterprise

Literature relevant to the study of public enterprise stems primarily from political science, public administration, economics, and business management. Unfortunately "the definition and classification of public enterprises is [sic] still at an early stage" as each field has developed some concept of what public enterprise is and what it should be doing.\(^1\) These various concepts differ not only with the ideological position of the authors but also with the boundaries and constraints intrinsic to each discipline.

General agreement has been reached in the literature concerning the 'public' nature of public enterprise in that it is "not entirely operated by private individuals or groups."\(^2\) 'Enterprise' has the general meaning of "daring, courage, imagination, and initiative or of an undertaking which involves such qualities."\(^3\) Thus, 'public enterprise' can be construed as an endeavour which extends the realm of public activity beyond that normally undertaken by government.

The term public enterprise is used interchangeably in the literature to denote both the range of public activity and the type of public institutions. This dichotomy of meaning is considered in the typology developed by William

\(^2\) Ibid., p. 560.
\(^3\) Ibid., p. 63.
A. Robson which categorizes public enterprise by\(^1\):

1) the type of public activity undertaken

- Public Utilities
- Transport & Communications
- Banking, Credit & Insurance
- Multi-purpose Development Projects
- Basic Established Industries
- New Industries or Services
- Cultural Activities

2) the principal institutions used to administer publicly owned industries or services

- The Government Department or Ministry
- The Local Authority
- The Regulatory Commission
- Mixed Enterprise
- The Representative Trust
- The Joint Stock Company
- The Public Corporation

In the Canadian context the definition of public enterprise has become almost exclusively associated with the 'Public Corporation' (or crown corporation) form of institution, regardless of the public activity undertaken. Public enterprise can therefore be considered an administrative device almost synonymous with the crown corporation which enables the government to intervene in the ownership, operation, or regulation of industries or services.

ii. crown corporation

Federal crown corporations in Canada are established and regulated by the Financial Administration Act, 1951 (See: Appendix 1 "Financial Administration Act, 1951 Part VIII").

---

This act defines a crown corporation as "a corporation that is ultimately accountable, through a Minister, to Parliament for the conduct of its affairs" (Section 76(1) (c)).

The Financial Administration Act goes on to establish three forms of crown corporations:

A Departmental corporation is "any Crown corporation that is a servant or agent of Her Majesty in right of Canada and is responsible for administrative, supervisory or regulatory services of a governmental nature" (Section 76(3) (a)).

An Agency corporation is "any Crown corporation that is an agent of her Majesty in right of Canada and is responsible for the management of trading or service operations on a quasi-commercial basis, or for the management of procurement, construction or disposal activities on behalf of Her Majesty in right of Canada" (Section 76(3) (b)).

A Proprietary corporation is "any Crown corporation that (i) is responsible for the management of lending or financial operations, or for the management of commercial and industrial operations involving the production of or dealing in goods and the supplying of services to the public, and (ii) is ordinarily required to conduct its operations without appropriations" (Section 76(3) (c)).

According to J.F. Garner, Canada is unique in this legislation as it is "perhaps the only common law jurisdiction that has classified public corporations in any authoritative manner by statute, for certain limited purposes."1 As yet there is no legislation in British Columbia corresponding to the Financial Administration Act which categorizes or distinguishes in a definitional sense, crown corporations at the provincial level.

level. Therefore, for the purposes of this study, a crown corporation will be described as an institution with corporate form brought into existence by action of the government to serve a public function.¹

iii. industrial development agency

The problem of defining and characterizing industrial development agencies has plagued all who have attempted to study these institutions. Often the definition has been approached from an organizational point of view as is expressed by A.H. Hanson, who notes that:

"...the essential characteristics of this type of agency are (a) that it is concerned exclusively with the promotion of industrial development, and (b) that it is not confined to one industry, or group of industries, but authorized to operate over a wide field. It is usually constituted as a public corporation or public company, and in some cases takes the form of a mixed undertaking in which the state participates, as a majority or minority shareholder, side by side with private banks, other financial agencies, and the investing public. Sometimes it occupies the position of a subsidiary agency of a general development authority and almost always except when it is exclusively concerned with industrial finance - it has the power to create and control its own subsidiaries."²

Additionally, industrial development agencies are defined from a functional point of view as they frequently perform a particular combination of activities which usually

¹. The definition given in the Financial Administration Act was not used in this study due to the argument put forward by C.A. Ashley & R.G.H. Smails, Canadian Crown Corporations:Some Aspects of Their Administration & Control (Toronto:Macmillan Ltd., 1965), p. 3. The authors suggest that the Act's definition is uncertain: "through a Minister" could mean "that a Minister has a responsibility for the conduct of the corporation or he acts merely as a messenger."

includes the identification and promotion of industrial opportunities, management guidance for businesspeople, financing, and building industrial facilities and services.¹ S.H. Widdicombe cautions that while an industrial development agency may function in many capacities to achieve a variety of goals, "the fundamental purpose of an IDC [industrial development corporation] is to stimulate industrial development" and that "performance criteria should be focused on measuring the corporation's performance in terms of the industrial enterprises which the corporation makes more productive or expands, or the new companies which it helps create."²

iv. autonomy

Webster's dictionary defines autonomy as "having self-government; existing or functioning independently."³ In that the crown corporation is afforded a "substantially greater degree of independence in its daily working than is possessed by departments in charge of a Minister", it has more autonomy than do most government undertakings.⁴ In practice, however, the crown corporation is not a completely autonomous institution. Rather, it is a question of the degree of autonomy afforded the crown corporation by the government.

¹ A detailed list of seventeen different activities which are often undertaken by an industrial development agency is presented in S.H. Widdicombe Jr., The Performance of Industrial Development Corporations: The Case of Jamaica (New York: Praeger Publishers, 1972), pp. 10-13.

² Ibid., p. 9.


⁴ W.A. Robson, p. 74.
The definition of autonomy in the context of the crown corporation is based on a clarification of the allocation of power to the respective spheres of Parliament, the competent minister, and the corporation itself. The degree of autonomy which a crown corporation exercises rests on "distinctions, for example, between responsibility for policy and 'day-to-day' management; between questions of public interest and commercial judgement; and indeed, the distinction between policy and implementation itself."\(^1\) Autonomy in the crown corporation is interpreted in this study as the degree of power and delegated authority which is decentralized by the government to the corporation.

v. accountability

In the context of constitutional procedures, accountability means "being answerable for decisions to legitimate political authorities, such as Parliament or the Executive."\(^2\) As the crown corporation is a departure from the prevailing departmental pattern of administration, it represents a conscious assessment by government and Parliament "of what the public interest requires" by altering the existing relationship between Parliament, the minister, and the department.\(^3\)

---


In effect, the establishment of a non-departmental form of government administration means that the ministerial function is restricted to "certain powers of decision in matters of major importance to Ministers answerable to Parliament and leaving everything else to the discretion of the public corporation acting within its legal competence."  

The essence of governing a crown corporation rests on the dividing line between autonomy and accountability. This means that "public officials and organizations must be freed to act without intolerable restraints yet controlled by the consent, acceptance and resistance of other public officials and human beings participating in the political control system." 2

THE BRITISH COLUMBIA DEVELOPMENT CORPORATION AS A CASE-STUDY

The British Columbia Development Corporation (BCDC) was selected for in-depth analysis for a number of reasons. In common with other crown corporations, BCDC has a number of distinguishing features which set it apart from departmental administration and the joint stock company forms of public enterprise. These features, as delineated in the Development Corporation of British Columbia Act, 1973 include: separate legal status by virtue of the incorporating statute which permits BCDC to undertake various corporate

1. W.A. Robson, p. 76.
transactions; administration by a board with a separate management structure; release from the jurisdiction of the Civil Service Act; and permanent capital assets. These corporate characteristics of BCDC may be regarded as typical of the crown corporation form of public enterprise which has been developed in British Columbia.

In addition, BCDC is the first body constituted as a separate public enterprise in British Columbia to promote industrial development at the provincial level. Under the Development Corporation of British Columbia Act BCDC has the express objective of "encouraging and assisting in the establishment, expansion, and continued operation of industrial enterprises in the Province" (Section 4). The corporation seeks to fulfill this mandate via programmes which have direct consequences for economic planning and include: the stimulation of improvements in business management skills; making available equity and loan capital to industry and offering loan guarantees; and providing industrial site services through the acquisition of land and the construction of various industrial facilities. These programmes have the potential for substantial impact on the spatial and sectoral pattern of industrial growth throughout the province.

Moreover, the industrial promotion activities of BCDC may be regarded as indicative of more general economic policy. As a component of economic planning, BCDC can be viewed as an instrument which permits the government to
'bargain' with particular interest groups as a technique to move the economy along an intended path.\textsuperscript{1} While BCDC was established to have direct impact on industry per se, this objective will affect other areas of general economic policy concern such as overall provincial economic growth, financial stability, employment and regional development, as well as policy considerations such as environmental protection and quality of life.

Another reason for selecting BCDC for analysis is that provincial crown corporations have received little attention in the Canadian and British Columbia planning literature. The 1970 study by Roy E. George is the one attempt at case-study analysis of a crown corporation which operates in an industrial development capacity at the provincial level.\textsuperscript{2} That study attempted to lift a 'curtain of secrecy' by assessing the performance of Industrial Estates Limited, the corporate development agency of the Government of Nova Scotia.

STUDY APPROACH

To examine the concepts of autonomy and accountability in the crown corporation a case-study approach was undertaken. As suggested by David Coombes, "the most valuable studies of

\textsuperscript{1} A summary of the Western European approaches to economic planning is found in Andrew Shonfield, Modern Capitalism: The Changing Balance of Public & Private Power (London: Oxford University Press, 1965), p. 231. Shonfield found that most Western European governments eschewed a more direct intervention in the economy and favoured a 'bargaining' approach.

\textsuperscript{2} Roy E. George, The Life & Times of Industrial Estates Limited (Halifax: Institute of Public Affairs, 1974).
public administration seem to result from case studies, for theory is best when it is tested by study of some actual experience.\(^1\)

There are two aspects of BCDC which form the basis of inquiry in this study:

The corporate entity - BCDC's legal status and management organization closely resemble that of a private, commercial corporation. Yet insofar as BCDC fulfills public tasks on behalf of the provincial government, it must be subject to public control within the limits defined by statute and developed by convention.

The industrial development agency - BCDC is charged with the promotion and development of industry in British Columbia. Yet this public function must be organized, disciplined, and co-ordinated with other public agencies and government policies.

The sources used to develop an understanding of the organization and operation of BCDC are listed in Appendix 2 "Study Approach". Most informative in identifying the shortcomings in the mechanisms for government policy co-ordination were a number of personal interviews conducted by the researcher with BCDC officials and representatives from other government departments (See: Appendix 3 "List of Interviews").

The analysis of the information collected from all sources involved scrutiny of the mechanisms by which the provincial government allows BCDC to operate autonomously and the mechanisms by which the provincial government ensures accountability. Along with the theoretical base provided by the literature, these considerations will serve as a point of departure for a discussion of possible and future procedures for delegating government authority.

\(^1\) D. Coombes, p. 15.
Chapter two discusses the crown corporation form of public enterprise in Canada. The characteristics of crown corporations are presented with a view to distinguishing the level of autonomy and accountability which this form of public enterprise affords.

Chapter three assesses events at the federal and provincial levels of government which led to the establishment of BCDC in 1973 as a provincial crown corporation. Appendix 4 "Provincial Corporate Industrial Development Agencies & Industrial Assistance Programmes in Canada, 1972", lists agencies and programmes operating in other provincial jurisdictions in Canada just prior to the time BCDC was established in British Columbia.

The fourth chapter is the discussion of BCDC as a corporate entity. It sets out sections of the Development Corporation of British Columbia Act relating to the powers of BCDC which provide a context in which to observe the allocation of responsibility to the respective spheres of the legislature, the competent minister, and the corporation itself.

Chapter five outlines the provincial government economic development policy under the New Democratic Party and Social Credit Party administrations between 1973 and 1977. BCDC's operating autonomy and accountability is clarified by comparison of its corporate activities to promote industrial development with the articulated development goals of the two provincial governments.
The last chapter provides a synthesis of the findings of the study and attempts to suggest procedures which might increase the responsiveness of crown corporations in general, and BCDC in particular, to elected politicians and consequently to the public.
CHAPTER 2

THE CROWN CORPORATION FORM OF PUBLIC ENTERPRISE

CANADIAN CROWN CORPORATIONS

Since the end of the First World War, it has been the trend in Canada to develop public enterprise to fulfill a number of new tasks undertaken by government. Between 1932 to 1938, radio broadcasting, central banking, wheat marketing, harbours, and air transport were all brought under partial or complete public control. Another period of activity was witnessed in the late 1940's which saw "no less than 18 agencies given corporate status and most of these are still operative [in 1970]."¹ The general desirability and practicable scope of public enterprise depends in part, on the ability of government to institute forms which fit the needs of various types of public endeavour. The forms in which Canadian governments have undertaken public enterprise are varied, but the departmental administration, the joint stock company, and the crown corporation are the three predominant forms used by the Canadian Government.²

---


2. A comparative discussion of the principal forms of public enterprise in a number of countries, including Canada, is found in W. Friedmann, pp. 307 - 321.
The reasons for selection of one form of public enterprise over another generally reflect governmental views about the accountability of public enterprise and the degree of centralized control desired by government. The government department is considered to be the most centralized and accountable form; it is under the direct supervision of the competent minister and usually depends on financial appropriations from the Treasury. The crown corporation, while recognizably associated with government through ministerial procedure, has a separate legal status by virtue of statute and is administered by a government-appointed board of directors. The joint stock company, where the government appears as a partner in private enterprise, is said to be the least centralized and least accountable form. Government participation in the joint stock company engenders a comparable legal role to that of private interests who acquire a similar share package.

The crown corporation has been favoured by Canadian governments seeking an appropriate device for commercial or business-related endeavours. In order to ensure that the continued use of the crown corporation form was conducted on a systematic basis, Parliament approved the Financial Administration Act in 1951 (See: Appendix 1 "Financial Administration Act, 1951 Part VIII"). Part VIII of the Financial Administration Act categorizes crown corporations and presents uniform

---

provisions governing their finances in sections outlining the financial year, budgeting procedure, bank accounts, surpluses, loans, contracts, accounts, reports, and audit. These sections attempt to consolidate the financial arrangements which appear in most of the acts incorporating the separate crown corporations. Three distinct corporate types afford government some administrative, managerial, and financial flexibility in order to undertake a variety of endeavours:

Departmental Corporations: financed by appropriations with administrative, supervisory, or regulatory functions akin to ordinary government departments,

Agency Corporations: financed by a revolving fund with trading, service, and procurement activities,

Proprietary Corporations: finance themselves after an initial start-up appropriation and tend to manage lending, financial, commercial, or industrial operations.

The reasons for adopting the crown corporation form are found in the advantages which it offers to facilitate business-related government activities. This viewpoint is well summarized by Lord Morrison who states:

"If we establish the public corporation, it must be for certain reasons. What are they? They are that we seek to combine the principle of public accountability, of a consciousness on the part of the undertaking that it is working for the nation and not for sectional interests, with the liveliness, initiative, and a considerable degree of the freedom of a quick-moving and progressive business enterprise. Either that is the case for the public corporation, or there is no case at all."

CHARACTERISTICS OF THE CROWN CORPORATION

"In fact the observer who attempts to describe the main characteristics of the public corporation in Canada would have no reason to quarrel with John Marshall's definition: 'A corporation', he declared, 'is an artificial being, invisible, intangible, and existing only in contemplation of law.\(^1\)"

While recognizing that the corporate entity is difficult to classify, the crown corporation has characteristics which distinguish it from other forms of public enterprise. A number of these characteristics are significant in endowing the crown corporation with a particular level of autonomy and accountability which differs from the joint stock company or departmental administration. These include:

- legal status
- administration by a board
- financial arrangements
- non-civil service employees

i. legal status

Crown corporations in Canada are established by government statute which confers upon them legal attributes necessary to operate with somewhat more autonomy that the departmental administration.\(^2\) For a crown corporation, as for a private corporation, these legal attributes include: capability of suing, of being sued, and of concluding contracts;


2. Crown corporations with "Ltd." attached to their titles are crown companies incorporated under the companies acts of federal and provincial governments (although the crown may provide the entire capital and hold all the shares). These companies originate through an order-in-council and may be regarded as a group apart from statutory crown corporations.
corporate perpetuity unaffected by withdrawal or death of individual shareholders; liability in torts; ability to hold and dispose of real property; limited financial liability of corporate shareholders to the value of subscribed share capital; unique name, administration, and management; and separate assets and liabilities from those of the government in general.

While corporate legal status offers distinct advantages to private enterprise, some of these advantages are not as important in public enterprise. For instance, access to large amounts of capital through public subscription, which forms the backbone of private corporate financing, is irrelevant to the public corporation whose capitalization stems from government appropriation (although the joint stock company relies partly on public subscription). Further, it cannot be foreseen that public corporations will appeal to the law, as entitled by legal status, against the government of which they are an offshoot. Corporate perpetuity and limited shareholder liability are also legal safeguards which offer no particular advantage to the public corporation, as pointed out by the Royal Commission on Government Organization. The separation of the crown corporation as a legal entity from the individuals who own and control it is not applicable in the context of responsible government. The Royal Commission notes that:

"It is inconceivable that a corporation could survive the extinction of its sole shareholder, the Government of Canada. It is equally
inconceivable, in terms of political realities, that the government would ever claim a limited liability and permit the organization to be forced into liquidation by its creditors. 1

The federal Financial Administration Act recognizes the relativity of corporate status. Most of the Financial Administration Act's audit and financial management provisions restricting full corporate legal status apply only to agency and proprietary corporations, but all corporate entities are classed as 'public corporations' despite these legal differences in statutory provisions. While crown corporations share a similar legal status to that of private corporations, in practice there are "requirements which make it desirable for some legislators to deny the full status of legal personality to some of the enterprises ...it is no longer heretical to assert that there are various shades and degrees of legal personality." 2

ii. administration by a board

It is suggested that public enterprise will work better if it can be insulated from the supposedly biased and partial intervention of the competent minister. 3 This leads to the argument that a crown corporation should have administrative independence from its minister through supervision by a

board of directors. The situation which creates the real
dilemma of the crown corporation arises from this argument -
how can impartial administration be maintained at the same
time that the crown corporation conforms with the overall
policy direction of the government? As W. Friedmann notes:

"Generally, the public corporations have altogether
a dual nature. In their commercial and managerial
aspects they resemble commercial companies and they
have essentially private law status. But in so far
as they fulfill public tasks on behalf of Government
and Parliament they are public authorities, and, as
such, subject to control of the Government, within
the limits defined by statute and as developed in
practice and defined - on rare occasions - by the
courts."3

A parallel concern is that by increasing the managerial
autonomy of the crown corporation, accountability is corres­
pondingly reduced to the point where it is difficult to
determine where responsibility lies. One school of thought
suggests that autonomy in public enterprise can even under­
mine ministerial accountability:

"...the greater the desire to limit 'political'
intervention by ministers, through using quasi-
autonomous forms, the greater is the ability of
the minister to intervene without being held to
account for his [her] intervention. This makes
quasi-autonomous forms very attractive to mini­
sters, since through them they achieve power
without responsibility."2

This issue is central as the organization of Canadian govern­
ment activity is focussed on the role of the minister: "each
activity must be the primary responsibility of a single

2. N.S. Carey-Jones et al., p. 42.
minister, whose function it is to provide direction and im-
petus; under cabinet government ... the responsibility for
general direction and co-ordination is held by ministers
collectively [and] the qualifications of paramount importance
in ministers are political, they are seldom administrators
by either inclination or experience."¹ The crown corporation
administered by a board of directors does not require the
same day-to-day supervision of operations by the minister
so central to departmental administration.² A minister's
responsibility for a crown corporation is usually confined
to "appointment and dismissal of members of corporate boards,
issuance of ministerial directives, approval or veto of cer-
tain corporate actions, and - largely as a supplement to the
other powers - requiring information."³

Through ministerial directives and the power of veto
over corporate actions, the competent minister endeavours to
supervise the general direction of the corporation's opera-
tions in accord with the orientation of government policy.

1. Report of the Royal Commission on Government Organization,
Vol. 5, p. 50.

2. Increasingly, it has become Canadian practice to have a
minister or ministerial representative sit on the board.
This has been strongly criticised by J.E. Hodgetts, "The
Public Corporation in Canada," Government Enterprise, eds.
p. 224. Hodgetts considers this to be an undesirable
blend of managerial and supervisory ministerial function
which confuses the idea of board accountability through
a competent minister to Parliament.

3. Lloyd D. Musolf, pp. 41 - 42.
In order for the minister to fulfill this most difficult responsibility, the incorporating statute must clearly define crown corporation goals and objectives. Unfortunately, statutes are often phrased to ensure their initial adoption and to reduce time-consuming amending legislation. The statutes tend to be purposely imprecise statements of objectives, although there is also some difficulty in phrasing legislation which is able to set out policy at an intelligible level of abstraction. Thus, the competent minister is placed in an awkward position with respect to corporate administration - that of being primarily responsible for a partially articulated policy, administered on a day-to-day basis by crown corporation personnel responsible to a semi-autonomous board of directors.

Despite these difficulties, there are a number of advantages which commend the notion of crown corporation administration through a board of directors. These advantages include:

- freedom from supposedly partisan political pressure, as the board must be seen to be impartial in its decisions,

- administration by a board is an organizational form familiar to the business community in which a crown corporation may be required to act. Such familiarity can encourage contact with businesspeople who have an expectation for the conduct of business affairs in a corporation, and who are said to dislike the red-tape of government departments,

- administrators can be drawn from the community which the corporation is attempting to serve. Board members will be known to businesspeople and will in turn, be experienced in contemporary business practices, experience not as likely to be found among government department staffs,
- it is thought that the closer the form of public enterprise to private enterprise, the more likely government undertakings will be efficient. This makes an assumption that public enterprise should adopt the same performance criteria as private enterprise. While this is questionable, it is the case that crown corporations operate under an administrative structure which can be tailored to suit an individual need thereby avoiding the rigid precedent found in departmental organization.

iii. financial arrangements

As noted, crown corporations do not rely on public share subscription for financial support as do private corporations. The major source of funds for all crown corporations stems from the government, with each of the individual incorporating acts specifying how funds are to be obtained. Usually, the corporation is endowed with either fixed capital assets or receives periodic appropriations by way of the annual budget estimates, annual enactment of a pre-determined amount, or government advances authorized by Parliament. As noted by W. Friedmann, crown corporations with fixed assets are more autonomous than those which operate by way of government appropriations, although this autonomy is subject to government regulation and supervision:

"There is little doubt that any genuine freedom of management and initiative requires that the public corporations ...should have permanent assets freely at their disposal and not be dependent on periodical political battles in Parliament or other instruments of Government."
However, it is equally clear ... that nowhere is the public corporation completely independent in its financial status and operation."\(^1\)

Further, the incorporating act may delineate how revenues or profits on operations are to be used by the crown corporation. Some corporations are permitted to retain their surplus for reinvestment or are able to deposit the surplus with the Receiver General with interest, while other corporations are required to return their surplus to the Receiver General each year.

The audit and financial management procedures also vary between crown corporations. Generally, crown corporations are subject to financial supervision as "reliance on financial controls [is] apparently viewed as central to a scheme of corporate accountability."\(^2\) The financial provisions for corporations in Sections 69 to 78 of the Financial Administration Act clearly establish a supervision of corporate financial transactions by setting out the respective responsibilities of the Minister of Finance, the Treasury Board, and the Auditor General.\(^3\) These sections consolidate and systematisate

2. Lloyd D. Musolf, p. 40.
3. In the case of the government department, a system of rigorous financial controls has been imposed which curtails the fiscal flexibility of management. Departmental financial estimates must be made one year in advance according to a strict categorization of budget expenditure. These estimates are then submitted to the Treasury Board and in turn, scrutinized in Parliament through legislative debate. Should an unexpected balance lapse at the end of the fiscal year it must be re-voted in the next estimate. Departmental financial records are closely watched during the fiscal year by officials of the Comptroller of the Treasury's office to ensure that appropriations are spent according to the categories submitted in the estimate.
arrangements which had appeared in some but not in all of the acts incorporating the separate agencies. Most corporations submit to the ministrations of the Auditor General while the Department of Finance and/or the Treasury Board has some authority to intervene in the larger transactions of all corporations. Many of the purely administrative and regulatory corporate agencies however, are financed through appropriations and consequently have no greater financial freedom than ordinary departments. Section 68(1) of the Financial Administration Act facilitates individual variation in crown corporations as it gives priority to the specific incorporating acts of individual agencies where inconsistencies between these and the Financial Administration Act occur.

iv. non-civil service employees

As an outcome of the conception that public enterprise should as far as possible approximate the business community, regulations pertaining to the civil service do not usually apply to crown corporations. This permits the corporation an independence in the hiring and handling of personnel not available to departmental administrators.¹ The corporation can thereby recruit special kinds of skilled staff, offer salaries beyond civil service pay scales, and discharge inefficient staff when necessary. Although not a part of the

¹ The federal Civil Service Commission under the Civil Service Act is an external departmental hiring agency and the Public Service Superannuation Act sets uniform pay scales and benefits for departmental employees. In British Columbia, parallel acts are the Public Service Act, 1976 and the Public Service Superannuation Act, 1960.
Civil service, crown corporations have comparable authority to offer employees benefits such as superannuation or pension plans, subject to the approval of the Governor-General. Employees of some crown corporations also have the right to join trade unions where their jobs are similar to those of unionized workers in private enterprise.¹

There has been some concern expressed that without the benefit of the Civil Service Act employees of crown corporations might not be properly imbued with the ideal of public service. The Royal Commission on Government Organization disagrees with this notion and takes the position that staff morale and loyalty to government is boosted by permitting managerial freedom in personnel matters. In fact, the Royal Commission's major recommendation was that "departments and agencies should be vested with the responsibility and authority to manage their own personnel" in a manner similar to that found in crown corporations.²

Among crown corporation administrators, autonomy concerning personnel management appears to be a much appreciated characteristic of the corporate form:

1. Departmental employees were given the right to use collective bargaining methods in the federal civil service in 1967.

"Many managers of government corporations today will argue that their most prized asset is the autonomy they enjoy in managing their own staffs. They will claim that it is easier to build up staff loyalty to a corporate entity than it is within the broader, impersonal confines of the civil service proper..."

AUTONOMY AND ACCOUNTABILITY IN THE CROWN CORPORATION

While opinions and attitudes have become attached to the name, the assumption cannot be made that the crown corporation form necessarily indicates a particular degree of autonomy or a particular level of accountability in a public enterprise. N.S. Cary-Jones et al, argue convincingly that despite the form, government can organize public enterprise so as to exercise as much or as little centralized control as is considered necessary.

2. As described in N.S. Carey-Jones, et al., pp. 37 – 48: "A normal government department operates with money issued from a single government fund, its staff are civil servants [or] it may be given its own fund and made 'self-accounting' ...[with] its own appropriate financial and personnel rules ....A statutory corporation may be endowed by law with its own responsibilities ...but, if the board is appointed by the minister, its members will be responsible to him [her] and in addition, the minister will usually be given powers of formal direction. At the other extreme, where the minister or one of his officials is chairman of the board... it is very hard to see the difference between a statutory corporation and a department....The position of the state company at one end of the scale may be effectively independent...or it may be tied up, in the words of articles of association, or by contracts with the government in such a way that its freedom is severely circumscribed..."
In some cases, crown corporations may be given major policy and operational responsibilities with very restricted ministerial supervision, while another corporation may be considered an instrument to carry out ministerial decisions with board initiative restricted to supervision of operations. These variations in the autonomy and accountability of crown corporations are claimed by J.E. Hodgetts to be a result of the pragmatism of Canadian governments when considering the form a public enterprise should adopt. Hodgetts makes this case, in his discussion of a bill to establish the Dominion Coal Board, by quoting C.D. Howe:

"My honourable friend has asked why this commis­sion should take the form of a corporation.... All I can say is that for a commission to operate and do business it seems to be necessary that they (sic) be formed into a corporation. All the commissions I know of that operate around Ottawa are formed into corporations, I do not know why, other than that a corporation is a convenient form." 1

The most that can be generalized from the crown corporation form is that it has a number of distinguishing characteristics from either the joint stock company or the departmental administration, and that the form is a suitable one for business or commercial-related government endeavours. Due to the variety of activities undertaken by crown corporations and variations in the incorporating statutes, the Royal Commission on Government Organization went so far as to state:

"Considering as a whole all the organizations designated as Crown corporations, no common and distinctive characteristics can be discerned in their form, functions, powers, or relationships with ministers and with the control agencies of government."1

In order to determine the autonomy and accountability of a crown corporation it is imperative to review those factors particular to an individual agency; the circumstances which engendered the establishment of the crown corporation, the incorporating statute, and the corporate mandate.

CHAPTER 3

BACKGROUND AND FACTORS LEADING TO THE ESTABLISHMENT OF THE BRITISH COLUMBIA DEVELOPMENT CORPORATION

The new Democratic Party (NDP) which had formed the government since September, 1972, introduced legislation to establish the British Columbia Development Corporation (BCDC) in March, 1973. The Development Corporation of British Columbia Act (Bill 102), as presented by the Minister of Industrial Development, Trade and Commerce (See: Note), sets in place a development corporation for the "support of small and medium industry in the Province of British Columbia." ¹ The government's concern to shift the economic emphasis in the province was re-

---

Note: In 1974 the Department of Industrial Development, Trade and Commerce was internally restructured and renamed the Department of Economic Development. In October, 1976 another reorganization occurred in the government so that portfolios previously known as 'departments' became 'ministries'. The Ministry of Economic Development was so named, but apart from the nomenclature no other changes were made in the department.

Three different ministers have held the Economic Development portfolio between 1973 to 1976. A.B. Macdonald held the two portfolios of Finance and Industrial Development, Trade and Commerce when BCDC legislation was introduced in March, 1972. In May, 1973 Gary Lauk was appointed as the new Minister of Economic Development. In December, 1975 when the Social Credit Party was elected to form the provincial government, Economic Development became the responsibility of D.M. Phillips.

fleeted in the legislation: "what the corporation will be... is an active instrument for achieving the NDP government's goal of planned expansion of secondary industry in a manner that is socially as well as financially beneficial to the province."

The impetus for drafting the legislation which established BCDC was the result of several events in the development of economic and industrial policy at both the federal and provincial levels of government in Canada.

AT THE FEDERAL GOVERNMENT LEVEL

"The installation of a viable industrial complex is a major undertaking - and the location decisions associated with it will be of quite a different order from the occasional response of an individual firm to location incentives. The question which is inevitably begged is how, by what mechanism will this most exacting task be accomplished."\(^2\)

The Government of Canada has been asking this question through the years and seeking its solution in the initiation of a variety of industrially-related programmes. The evolution of these programmes to create expansion in the industrial

---


sector of the national economy is well documented in the Canadian literature.\textsuperscript{1} The literature suggests policy stages which the federal government has passed through leading to the present policy of regional economic expansion.

Federal policy prior to the early 1960's was aimed at encouraging the expansion of resource-based industry across the country. Among the instruments of this first policy stage was a system of tax incentives administered by the Department of National Revenue whose objective was "the 'national' development of the country's resources...[as] it was assumed that national economic forces based on regional specialization and east-west trade would result in all regions sharing in the national growth and prosperity."\textsuperscript{2} This general focus was maintained by the federal government through the Depression years and on until 1957. At this juncture, with the initiation of the federal equilization programme (See: \textsuperscript{Note}), priorities "began to shift in favour of regional development as an identifiable element in national economic policy."\textsuperscript{3}


\textsuperscript{2} Department of Regional Economic Expansion, Climate for Regional Development (Ottawa:1976), p. 6.

\textsuperscript{Note}: The purpose of the federal equalization programme, which is still operative (1977), is to ensure that a standard of public service is maintained across Canada through an annual transfer payment to provinces with less than average fiscal capacity ($2 billion minimum in 1975/1976).

\textsuperscript{3} Climate for Regional Development, p. 6.
As suggested by L.O. Gertler, the following decade was a period of "philosophic search" in development of Canadian policy.¹ In this second stage, several regionally-oriented programmes and agencies were created to contend with problems relating to resource use, living standards, and economic development. The first of these instruments was set up in 1961 under the Agricultural and Rural Development Act (ARDA); this was closely followed by the Atlantic Development Board (ADB) in 1962, the Area Development Agency (ADA) in 1963 and the related Area Development Incentives Act (ADIA) in 1965, and the Fund for Rural Economic Development (FRED) in 1966.²

Each of the programmes and agencies was designed to solve a specific problem in either a 'rural' or 'urban' region and each was administered by a separate government department; collectively, they can be "characterized by the first clear emergence of a regional theme in federal economic policies."³ However, the Federal government made no attempt to integrate development functions or to co-ordinate its approach to regional industrial development via these various instruments.

1. L.O. Gertler, p. 78.

2. A detailed discussion of these programmes and agencies is presented in T.N. Brewis, Regional Economic Policies in Canada (Toronto: Macmillan Ltd., 1969), Chapters 6, 7, & 8.

3. L.O. Gertler, p. 81.
By the late 1960's, it had become clear that disparities in investment and economic growth between provinces and between regions within provinces had not been markedly reduced by the programmes and agencies in operation. The Economic Council of Canada, a federal advisory body, advocated "the need for better federal-provincial liaison in regional policies...[which is] a critical component of Canada's economic and social goals." The Economic Council emphasized that through improved federal-provincial co-ordination, a "coherent set of policies with particular emphasis on stabilization, transportation, tariff, development expenditure, education and training and manpower components" could be instituted in Canada. Accordingly, a new Department of Regional Economic Expansion (DREE) was created in 1969 by the Government Organization Act.

The objective of DREE is "to carry out, in co-operation with the provinces, a vigorous and co-ordinated effort to reduce regional economic disparities in Canada:" In section 25 of the Government Organization Act, DREE was given authority to:

2. Ibid., p. 175.
1. a. in co-operation with other departments, branches and agencies of the Government of Canada, formulate plans for the economic expansion and social adjustment of special areas; and

b. with the approval of the Governor in Council, provide for co-ordination in the implementation of those plans by departments, branches and agencies of the Government of Canada and carry out such parts of those plans as cannot suitably be undertaken by such other departments, branches and agencies.

Thus, DREE was delegated a broad regional development mandate to bring together and administer a number of predecessor programmes and thereby, to develop a new, more comprehensive attack on regional disparities. To fulfill this mandate, the Department undertook programmes which offered federal support for public infrastructure in urban centres, financial incentives to stimulate private investment in plant and equipment, and public funding to establish development corporations in the Atlantic Region and agricultural service centres in the Prairie Region. The programme approach which DREE adopted between 1969 and 1973 is evidence of the fact "that it is difficult to arrest regional disparities in a free market economy, hence the adoption of a mixed strategy."¹

Most significant was DREE's operational organization. The Department was a co-ordinating mechanism encompassing planning, programming, implementation, and incentives components each under the direction of an Assistant Deputy

Minister. Interdepartmental co-ordination at the federal level was facilitated by this structure, while other federal departments whose functions touched on DREE's regional economic mandate were intricately bound to DREE through Cabinet administration. In addition, the Government Organization Act required that DREE co-ordinate plans for economic expansion and social adjustment with the provinces. A new dimension in federal-provincial liaison to achieve specific planning goals was thus established.

The programme approach and operational organization of DREE had a significant impact at the provincial government level. In 1972, it was said that "since the federal DREE program was introduced, several of the 10 provinces have modified their own industrial development programs in favour of new approaches, and these deliberately do not overlap with the federal incentives."\(^1\) In the case of British Columbia, DREE played an important role in motivating the NDP government to establish BCDC in 1973. DREE represented an opportunity for the provincial government to gain a new and significant source of funds with which to implement economic policy. As stated by the Honourable A.B. Macdonald, British Columbia's Minister of Industrial Development, Trade and Commerce when introducing the Development Corporation of British Columbia Act, Bill 102 in the legislature:

"We [the Government of British Columbia] do not intend in any way to duplicate the industrial assistance programmes of the federal government. But we do need an agency that will take advantage of the federal programmes, assist our small businesses to take advantage of them and where occasion requires, supplement those federal programmes. So we think we do that in this little bill [Bill 102] where the capitalization is $25 million."

AT THE PROVINCIAL GOVERNMENT LEVEL

The establishment of a corporate industrial development agency in British Columbia received impetus by way of the 1972 electoral victory of the New Democratic Party (NDP). For many years prior to their election, the NDP gave consideration to industrial development policy at the provincial level in a series of delegate conventions. The NDP expressed ideological support for public sector involvement in industry through a crown corporation and public ownership of selected commercial and industrial enterprise. The following convention resolutions best express the NDP's intentions as regards industrial development via a crown corporation such as BCDC:

- in 1961; "A New Democratic government will survey our industrial potential, assist industry to locate in our province, and facilitate the expansion program of socially useful enterprise."

- in 1965; "A New Democratic Party government would immediately establish an Economic Development Corporation to assist in the develop-

ment of primary industry and to encourage the growth and development of secondary industry. This Crown corporation would, in harmony with the recommendations of the Provincial Economic Planning Council, make loans to, or invest in, existing industries to enable them to expand and to bring new industry to the province. It would sponsor and encourage research in the development of new uses for existing resources and products and in the discovery of new products and resources:"

in 1969; "Be it resolved that a Provincial Economic Development Corporation, in addition to the duties set out in existing NDP policy would, where feasible, gradually buy a controlling interest in foreign-owned BC industries."

in 1969; "Be it resolved that a Provincial Economic Development Corporation would accumulate a Provincial Development Fund financed in part by the Provincial Government, which would be controlling a portion of the shares in the fund, and in part by sales of shares to the citizens of BC."

in 1970; "Be it resolved that an Economic Development Corporation, established by an NDP government, would employ the services of ecologists when planning resource development." 1

In addition to the NDP's supportive political position, there were a number of other considerations which lent impetus to the establishment of an industrial development corporation. One factor was that in 1972 every Canadian province with the exception of British Columbia, had a corporate industrial development agency and a wide-ranging complement of industrial assistance programmes (See: Appendix

British Columbia, on the other hand, offered some tax concessions to industry through the Department of Industrial Development, Trade and Commerce but no other form of capital incentive. In 1973, the NDP's first Minister of Industrial Development, Trade and Commerce, A.B. Macdonald, made the point that British Columbia was loosing its comparative advantage to attract industry. Macdonald stated that:

"There is not a province of Canada that does not have such a programme [corporate assistance to industry]. I think it behooves us to improve upon the mistakes that have been made and to take advantage of their successes. Because there's no question, whether you think of Dutronium or the Conservative experiment at Churchill Falls and some Ontario failures, it is essential that in a business-like way we take advantage of the successes and we avoid the errors."

Another consideration motivating the NDP to establish BCDC was the government's policy focus of moving the economy of British Columbia towards expansion of the secondary industrial sector. BCDC was meant to act as the operating arm of the provincial government to mediate some of the inherent difficulties of this strategy. The NDP were well aware of the problems associated with secondary expansion, as suggested by the Honourable A.B. Macdonald:

"...at the same time we have problems in British Columbia. Our market is fairly small; we have a freight rate problem with Eastern Canada which makes it difficult for us to explode into the markets of Ontario and Quebec and Central Canada. We have that problem, and I don't think there's any doubt that we have a problem in the field of credit advancing ...we do not have the credit facilities that are available to business in central Canada."1

An additional problem which the NDP recognized was the "shortage of serviced sites for industry, a shortage which grows more acute as industry moves out of metropolitan Vancouver:"2

The operating programme of BCDC as described in the Development Corporation of British Columbia Act, enables the corporation to offer incentives to industry which relate to these problems. That is, managerial and technical assistance to new or existing industries; provision of industrial facilities - serviced land, buildings, and equipment - on a lease or sell basis; loans and loan guarantees for start-up or working capital requirements; and equity finance (See: Appendix 5 "Definition of Equity Finance").

A more subtle factor contributing to the establishment of BCDC was a political manoeuvre on the part of the Social Credit opposition party in the fall session of the Legislative Assembly in 1972. A Social Credit private member's bill (Bill 6) was read in that session which was aimed at


creating a corporate industrial development agency (See: Appendix 6 "Bill 6, 1972"). In effect, the Social Credit Party was calling on the newly elected NDP government to express its position on provincial industrial and economic matters. Although Bill 6 was defeated by a majority vote, it is significant that the BCDC legislation was tabled in the following session of the Legislature, Spring 1973.

There appears to have been little disagreement between the Social Credit Party and the NDP on the issue of enhancing industrial development through public enterprise. Bill 6 would have established a development corporation "to create employment in the Province by encouraging and assisting in the development of secondary industries operating solely within the Province", an objective which closely parallels that of BCDC. However the method by which assistance to industry was to be made available through a development corporation was contentious. Bill 6 provided for a schedule of subsidized low interest loans to industry with an interest rate of 1 percent the first year, 2 percent the second year, 3 percent the third year, and on up to 9 percent in the ninth and final year. The Development Corporation of British Columbia Act "incorporates the idea of equity capital ... the idea of loans upon various terms and conditions ... the idea of the acquisition of industrial sites ... [and] the idea of managerial assistance ... to advance and enhance the industrial prospects of medium and small business."1 BCDC has

this been given considerably more flexibility to assist industry than a development corporation established under Bill 6. Due to BCDC's ability to take an equity position in industrial enterprise, an ideological difference in industrial promotion is suggested. Mr. W.R. Bennett, leader of the Social Credit Party states that "our party does not believe that government should be involved in the equity end of any business which is not a natural monopoly."\(^1\)

CO-OPERATION BETWEEN CANADA AND BRITISH COLUMBIA

In 1972, the federal Minister of Regional Economic Expansion initiated a major review of the department's regional development policy and strategy. The experience gained from DREE's three years in operation led to organizational and operational changes as a result of the policy review. One fundamental change was the institution of the General Development Agreement (GDA) programme; GDA's "provide a formal means to encourage coordinated federal and provincial action aimed at the realization of the potential of each region and province for economic and social development."\(^2\)

GDA's were signed with each of the provinces excluding Prince Edward Island, which already had a 15-year comprehensive development plan covering the period 1969 to 1984.

1. Personal Correspondence with W.R. Bennett. October 17, 1974.
The GDA for British Columbia was concluded in March, 1974 between the Federal and provincial government: the agreement detailed a statement of objectives, the extent of activity to be co-ordinated, the types of support to be provided, and the mechanism by which joint decisions could be undertaken. In addition to the opportunity which the GDA afforded as a source of funding for provincial industrial development, the GDA was a means by which the NDP government in British Columbia could pursue its concern with reducing regional economic disparities, a concern which echoed that of DREE. In an interview with the Financial Post in 1974, the Honourable Gary Lauk, Minister of Economic Development in British Columbia, outlined the relationship between BCDC, the Province, and DREE under the GDA:

"The corporation [BCDC] will be taking a regional approach in order to eliminate disparities as much as possible ...[the] department is currently conducting studies to determine the economic needs and resource and people advantages of each of the province's regions. A general DREE agreement, expected to be signed shortly, is expected to provide a very healthy sum to help achieve planned, province-wide growth." 1

Under the umbrella GDA, provision was also made for subsidiary federal-provincial agreements through which specific joint action could be taken. The first subsidiary agreement was signed between the federal government and British

---

Columbia at the same time as the original GDA. This Interim Planning Agreement reflected the provincial concern with regional economic disparities as it was designed to share the costs of economic studies in four regions covering most of British Columbia.\textsuperscript{1} The goals of the Interim Planning Agreement studies were:

1. to identify development opportunities in British Columbia,
2. to assess the broad socio-economic feasibility of such opportunities,
3. to identify and evaluate obstacles to the realization of opportunities,
4. to set out appropriate government initiatives required to undertake the identified feasible opportunities."\textsuperscript{2}

While the Interim Planning Agreement studies "should be viewed as a discussion document [s] and not in any way construed as a definitive statement of regional development potential and alternatives", they are an important first

\textsuperscript{1} Reports on the four Interim Planning Agreement regions include: Department of Economic Development; Interim Planning Agreement Staff, \textit{The North East Report} (Victoria: Queen's Printer, June 1975); Department of Economic Development; Interim Planning Agreement Staff, \textit{The Kootenay Report} (Victoria: Queen's Printer, 1976); Department of Economic Development; Interim Planning Agreement Staff, \textit{The Mid-Coast Report} (Victoria: Queen's Printer, 1976); Department of Economic Development; Interim Planning Agreement Staff, \textit{The Central Report} (Victoria: Queen's Printer, 1976).

\textsuperscript{2} Ibid., \textit{The North East Report}, p. 1.
step in British Columbia towards a comprehensive policy for economic development on a region-by-region basis.\(^1\) Certainly as envisaged in 1974, these studies were meant to highlight the "need to diversify and decentralize the provincial economy ...it is definitely the main purpose of these studies to start a movement of industry to those areas [of British Columbia] which are appropriate."\(^2\)

A regional economic focus, as espoused by the Interim Planning Agreement studies, could well act as a significant planning mechanism to orient the operation of BCDC's industrial promotion activities - "the economic survey ...will be used to guide the corporation [BCDC] in fostering secondary industry."\(^3\) A regional economic focus, if adopted as the official economic development policy of the provincial government, could additionally allow for the co-ordination of BCDC's operations with those of other provincial government agencies and departments which administer industrially-related programmes.

---


CHAPTER 4
THE ORGANIZATION OF THE BRITISH COLUMBIA DEVELOPMENT CORPORATION

By statute, provincial crown corporations are the creations of the Legislature and they are ultimately responsible to it. For the most part, the Legislature does not exercise this responsibility directly as it delegates a number of powers and duties to ministers. However, the powers of ministers are far from absolute. The boards of provincial crown corporations have always been meant to have considerable independence. Thus the relationship is triangular. The boards are granted powers and duties from the Legislature which constitute an independence, qualified in turn, by the ministers' powers and duties in relation to the boards. The difficult question is to determine where the authority of the minister ends and the independence of the boards begins.

The Development Corporation of British Columbia Act (See: Appendix 7 "The Development Corporation of British Columbia Act, 1973"), is the most definitive statement on the triangular relationship between the Legislature, the competent minister, and the corporation's board.1 The Act, in its various sections, sets out provisions concerning BCDC's legal status, objectives, industrial assistance options, capitalization, management structure, and audit and accounting procedures. Effectively, these provisions delineate the level of autonomy under which

1. The Development Corporation of British Columbia Act will be referred to as the 'Act' throughout the rest of this, and following chapters. When quoting from the Act, the pertinent section number has been included in parenthesis following the quotation.
BCDC must operate and the corporation's accountability to the competent minister and the Legislature. In order to observe the organization of autonomy and accountability in BCDC, pertinent sections of the Act will be analyzed in the context of the characteristics of the crown corporation form of public enterprise:

- legal status
- the board and executive committee
- financial arrangements
- non-civil service employees

This analysis is then discussed in relation to the organization of ministerial and legislative supervision of BCDC - an explanation of the triangular relationship. Finally, a brief summary is made of the key provisions which ensure governmental supervision of BCDC.

CHARACTERISTICS OF THE BRITISH COLUMBIA DEVELOPMENT CORPORATION

i. legal status

BCDC was established as a corporate entity with Royal Assent on April 18, 1973 by way of the Development Corporation of British Columbia Act (See: Appendix 8 "Passage of Bill 102 Through the Legislative Assembly"). Through incorporation, BCDC has acquired a legal personality by virtue of being:

- established by government statute to operate in British Columbia as a corporation
- granted a unique name, administration and management separate from that of the government
- endowed with separate assets from those of the government consisting of shares with a par value as described in the Act

The legal powers of BCDC as specifically outlined in Sec-
tion 5 of the Act can be summarized:

- the right to loan money and take security
- the right to guarantee loans made by another lender
- the right to purchase shares in any company
- the right to hold and dispose of real property
- the right to hold and dispose of negotiable instruments such as mortgages, stocks, etc.
- the right to conclude contracts with municipal corporations and other companies
- the right to make by-laws and resolutions concerning the conduct and affairs of the corporation itself

One interesting difference to note between the Act establishing BCDC and those of a number of other provincial crown corporations, is that BCDC is not required to be 'an agent of Her Majesty the Queen in the right of the Province'. This allows BCDC to contract in its own name with no mention of crown attachments.

To ensure a further separation from government regulatory activity, the Act specifies provincial legislation which is not applicable to BCDC. The corporation is exempt from complying with the Companies Clauses Act, the Mortgage Brokers Act, the Securities Act, and the Civil Service Act; provisions in the Companies Act and the Public Service Superannuation Act may be declared applicable to BCDC at a future date by the Lieutenant-Governor (ie. Cabinet).

1. The British Columbia Ferry Corporation, the Universities Real Estate Development Corporation, the British Columbia Buildings Corporation, and British Columbia Hydro & Power Authority are all incorporated with statutory provisions which include: "The Corporation is for all purposes an agent of Her Majesty the Queen in the right of the Province, and its powers may be exercised only as an agent of Her Majesty."
ii. the board and executive committee

BCDC's board of directors consists of between 7 to 12 members appointed by the Lieutenant-Governor to hold office 'during pleasure' for a term of three years.\(^1\) Although the competent minister does not appoint BCDC's board members directly, it can be assumed that he/she will be primarily responsible for making recommendations on board members to Cabinet.\(^2\) In the interests of continuity and balance, appointments to the board are staggered for either one, two, or three year terms. The chairman and vice-chairman of the board are appointed by the Lieutenant-Governor and BCDC's president is selected from among the board members subject to approval by the Lieutenant-Governor: the chairman, vice-chairman, and president remain in office subject to their continuation as members of the board. This ensures that people chosen for the board will have the confidence of the government.

The Act does not specify the composition of the board other than to stipulate that only one board member may be a 'public service employee'.\(^3\) As noted in Appendix 9

---

1. The phrase 'during pleasure' is commonly used in statutes incorporating crown agencies to ensure that the government, in the case of BCDC through the Lieutenant-Governor, has the authority to remove unsatisfactory directors should the need arise.


3. This provision allows only limited bureaucratic representation on the board, it does not preclude political representation through ministers or deputy-ministers who are not classed as 'public service employees' by the provincial Public Service Act.
"Appointments to the Board", BCDC's first board of directors were drawn primarily from Vancouver's financial community.  

BCDC's board has authority to:

"make such by-laws and pass such resolutions as it considers necessary or advisable for the management and conduct of the affairs of the corporation, including without limiting the generality of the foregoing, by-laws and resolutions respecting the calling and holding of meetings of the board, and the procedure to be followed at meetings" [Section 7(4)].

(as amended June 1974)

In addition to supervising the general administration and operation of BCDC, the board is assigned a number of more specific responsibilities in the Act. Most importantly, the board is responsible for the preparation of BCDC's annual report: that is "a report on the financial condition of the corporation at the end of the fiscal year ...and upon its operations for the fiscal year showing the amount and nature of assistance, financial and otherwise, granted by the corporation, the industrial enterprises to which the assistance

1. Many opinions have been expressed on the question of how board members of corporations should be selected. C.A. Ashley & J.E. Smyth, Corporation Finance in Canada (Toronto: Macmillan Co., 1957), Chapter 2, suggest that it is difficult to draw members from representative groups as this tends to interfere with 'harmonious deliberations' of boards. Those authors writing on State agencies in the United Kingdom recommend boards with a regional composition, or a labour and management input, or occupational differentiation, or political appointees from different parties. This view is discussed by Chris D. Foster, Politics, Finance and the Role of Economics: An Essay on the Control of Public Enterprise (London: George Allen & Unwin Ltd., 1971), Chapter 7. In Canada, some corporate statutes have forbidden the appointment of members affiliated with certain interests, others have required it, and some statutes are not specific so that there appears to be no consensus on the matter.
was granted, and the terms on which it was granted" [Section 32(1)]. The annual report on the revenue side, must itemize "all moneys including borrowings, income, and revenues that are received by the corporation ...[which] shall form one fund ...and the corporation shall account for the fund and payments therefrom in its annual report as in this Act provided" [Section 21]. The preparation of the annual report, in addition to its importance as an accounting procedure, is a key link in the chain of corporate accountability.¹

The report, passed through the competent minister to the Legislature, is the one corporate document available to all political representatives and the public which delineates BCDC's policy and practice. The annual report provides, in theory, a means by which the performance of BCDC as an industrial development agency can be assessed.

A further responsibility of the board of directors is to furnish the competent minister "with such reports or information respecting the business and operations of the corporation as he [she] may direct: and the board shall comply with such requests promptly" [Section 32(3)]. This places another demand on the board to act in an accountable manner to government.

¹. Until the appointment of the first board by order-in-council #32 in January, 1974 BCDC was effectively inoperative. Consequently, BCDC's first fiscal year to March 31, 1974 was documented in the annual report of the Department of Industrial Development, Trade and Commerce. Since then, BCDC has issued its own annual reports for 1975 and 1976.
The board has a fourth specific responsibility in that it may recall loans to industry when it considers that the loan is "not being applied for the purposes for which it was advanced, or is not being carefully and economically expended, or if the security depreciates in value" [Section 25(2)]. This gives the board authority to supervise industrial development loans, and in turn, a responsibility to maintain the financial viability of BCDC itself by safeguarding the loan portfolio.

To complement the full board of BCDC which is required to meet only quarterly, provision has been made in the Act to constitute an executive committee. The committee consists of the chairman, vice-chairman, and three other directors selected by board resolution who have authority to "deal with any matter within the competence of the board and shall submit minutes of its proceedings to the board at its next following meeting" [Section 8(2)].

The executive committee provides the on-going, day-to-day supervision necessary when a board is part-time. It is required to comment on and approve land and investment decisions made by the president before action can be taken at the staff level; in fact, no loan or investment decision is valid without this approval. For BCDC, these decisions pertain to one of the most central industrial promotion activities of the corporation. Surprisingly, the Act does not restrict members of the executive committee, or board members in general, from taking outside directorships which would impinge on their time for committee business.
The tenure and appointment structure of BCDC's board indicates that the Cabinet of the provincial government, acting through the Lieutenant-Governor, has both a significant influence on, and interest in, BCDC's management. Considering the potential impact of board decisions on industrial policy and planning in British Columbia, the Cabinet's concern is justified.

iii. Financial arrangements

The financial arrangements applying to BCDC provide for permanent capital assets, authority to borrow for operating purposes, and power to retain earned revenues. However, it is clear from the Act that the corporation exercises these financial privileges with limited corporate autonomy.

The capital structure of BCDC as set out in the Act makes the provincial government the sole shareholder and sole guarantor on capital account. Original capitalization of BCDC was $20 million transferred from the provincial Treasury through corporate share purchase of 200,000 shares at a par value of $100. In 1976, an additional 50,000 shares were issued to increase BCDC's capital assets to the maximum limit allowable, as described in the Act, of $25 million. The issue and purchase of corporate shares is authorized by the Lieutenant-Governor and the subscription is held by the Minister of Finance on behalf of the provincial crown. The government may also guarantee corporate notes, bonds, debentures, and other securities used to raise capital. This guarantee, approved by the Lieutenant-Governor and signed by the Minister
of Finance, makes the government liable for the payment of principal, interest, and premiums on corporate securities. Such payment may be issued from the government's Consolidated Revenue Fund or by way of a special government security issue raised for this purpose.

BCDC's capital assets can be supplemented by short and long-term borrowing from the provincial Treasury or private financial institutions, with the stipulation that additional monies raised from all sources together with the total monies previously advanced, do not exceed a maximum of $100 million. The use of this temporary borrowing power is strictly supervised by the Lieutenant-Governor and Minister of Finance.

Monies for operating needs may be raised from:

a. the provincial government

- the Lieutenant-Governor may authorize the Minister of Finance to advance money to the corporation for temporary or long-term purposes [Section 11]

- the Minister of Finance may authorize loans to the corporation on terms and conditions which he/she considers advisable [Section 10]

b. other sources

- as determined by the corporation, but subject to regulation by the Lieutenant-Governor, monies may be raised through overdraft, line of credit, loan or otherwise on the credit of the corporation for its temporary purposes [Section 10]

- in all respects subject to approval by the Lieutenant-Governor and through the Minister of Finance as its agent, the corporation may issue and sell notes, bonds, debentures, or other securities; mortgage any real property; or raise money by way of loan on any such securities [Section 13]
BCDC may retain its revenues as an additional source of funds subject to restrictions on the initial allocation of revenue for corporate operations. That is, corporate revenues must be first applied to the costs of administration [Section 16], then to the repayment of monies borrowed [Section 17], and thirdly, to the repayment of monies advanced by the provincial government [Section 18]. BCDC is also empowered to apply revenues in payment of dividends on the capital stock of the corporation after all liabilities have been met [Section 19].

In addition to the restrictions imposed on BCDC when raising capital or borrowing temporary funds, limitations on the way the corporation can spend its monies are also imposed. Corporate accountability for loans to promote industrial development is ensured by provision in the Act. For instance, BCDC operates within the confines of three provisions which restrict its loan-making activities:

- it may not make loans or investments or give guarantees to any one company exceeding $1 million without prior approval of the Lieutenant-Governor [Section 6]

- it may not make loans or investments or give guarantees when all assets and loans of the corporation exceed a value of $100 million dollars [Section 6]

- it may not purchase shares in any company without the prior approval of the Lieutenant-Governor [Section 6]

Further, loans are prohibited to "any director, officer, or professional employee of the corporation" [Section 30(1)] or to "a member of the Legislature" [Section 30(2)].
The final check to ensure that BCDC's operations are in accord with the financial arrangements detailed in the Act and thereby accountable to the government, is the audit. The corporation's books and records are subject to at least one audit per year and examination throughout the year by the comptroller-general, or his/her appointed agent [Section 32]. In 1975, BCDC's audit was performed by the comptroller-general; in 1976 by an independent firm of chartered accounts. BCDC's audit is made according to the general accounting procedures as detailed in the Audit Act, 1960 (amended by the Auditor General Act, 1976) and the audit is recorded in the Public Accounts of British Columbia which detail the precise financial condition of the province.

The audit is presented through the Minister of Economic Development to the Legislature in BCDC's annual report. As the corporation's audit forms a part of the Public Accounts, it also reaches the Legislature through the Minister of Finance who is responsible for these accounts. In turn, the audit is reviewed by the Standing Committee on Public Accounts and Economic Affairs, a non-partisan committee of the Legislature. A new procedure was added in 1976 which allows the auditor general to supplement the duties of the comptroller-general. The auditor general has authority to review the accounts of BCDC and make an independent statement to the Legislature and the Standing Committee on Public Accounts and Economic Affairs, through the Minister of Finance.
iv. non-civil service employees

The Act allows BCDC a considerable degree of autonomy in personnel matters in that it can hire its own staff "notwithstanding the Civil Service Act" [Section 9(1)] and may "determine their duties and powers and conditions of their service" [Section 9(1)]. Consultants who provide 'professional, technical, or advisory assistance' to the corporation may also be engaged on terms and conditions determined by BCDC. These provisions allow the corporation to use other than the usual sources of departmental personnel to tap people with the required skills. It is difficult for those outside the corporation to ascertain if loyalty to the government is any less marked in BCDC, because of these practices, than it is in the civil service.

BCDC's officers and employees and their dependents are entitled to such public service benefits as a pension or superannuation plan or group insurance should the corporation decide to institute these schemes. The Public Service Superannuation Act, 1960 may be made applicable to the corporation with prior approval of the Lieutenant-Governor. Remuneration for the board, the president, and consultants is fixed with prior approval of the Lieutenant-Governor, presumably to curtail any possible allegations that management are 'lining their pockets' with public monies.
i. Ministerial Supervision

The extent of ministerial and general executive direction over the activities of the crown corporation is perhaps the most crucial and certainly the most elusive of relationships to determine. Regardless of the form or statutory provisions of public enterprise, it is essential to recognize that the minister has the ultimate legal and political responsibility to govern. Ministers "bear an unlimited liability for all acts of their officials, and must possess corresponding formal authority to intervene on any matter."¹

In the crown corporation form, ministerial direction is usually confined to appointment of the board, the right to information on corporate activities, and most importantly, supervision of corporate policies and objectives through ministerial directives and power of veto. However, the weight of corporate legal status ensures that the crown corporation through its board, maintains some separation from ministerial influence. Public remarks in which a minister discusses 'his/her' corporate policies are misleading if taken beyond the sense that the minister is making more than a suggestion of suasive force to the board. The only possible way in which the minister may make totally binding decisions is if

the corporate function were to be placed in the appropriate government department. Thus, it can be seen that ministerial supervision of a crown corporation is a delicate balance of power between the ministerial responsibility to govern on the one hand, and the corporation's integrity of legal status on the other. To maintain this balance, it is imperative that the bounds of ministerial authority and responsibility in public enterprise be carefully delineated.

The definition of ministerial supervision for BCDC is essentially set in one provision of the incorporating statute—the Minister of Economic Development is "that member of the Executive Council charged by Order of the Lieutenant-Governor in Council with the administration of this Act:" This provision by the Legislature places direct responsibility for administration of BCDC on one Cabinet minister; unfortunately, this administrative role is not clearly defined. However, when reviewed in the context of provisions in the Act respecting the powers of BCDC's board of directors, it is apparent that the administration of BCDC is not similar to the administrative relationship between a minister and his/her department. As noted, the board may make by-laws and resolutions for the management of corporate affairs, must supervise the operation of the industrial assistance programmes of the corporation, and has a duty to keep records and prepare the annual report to the Legislature. Thus, it can be concluded that the appointed board is delegated the responsibility for day-to-day
management of BCDC under the general supervisory authority of the Minister of Economic Development.

In British Columbia, the Premier and the Cabinet (Executive), with the Lieutenant-Governor acting on their advice, are collectively responsible to the Legislature. Another aspect of ministerial supervision requires that the Minister of Economic Development act in concert with his/her Cabinet colleagues. Various provisions in the Act require that the "principle of collective responsibility" be brought to bear on decisions pertaining to BCDC. The Lieutenant-Governor (ie. Cabinet) is required to give prior approval on certain corporate financial arrangements; to appoint the board and its chairman and vice-chairman; to authorize corporate borrowings and share capitalization; and a general stipulation allows the Lieutenant-Governor to "make such regulations and orders as are ancillary thereto and not inconsistent therewith" [Section 35] the intent of the Act. These provisions further clarify responsibilities for the overall administration of BCDC; the day-to-day management is delegated to the Board of directors while the ultimate authority

1. As described in How Are We Governed?, J. Ricker & J. Saywell (Toronto: Clarke Irwin & Co. Ltd., 1971), p. 62, the 'principle of collective responsibility' means that ministers' "political powers are held in common ...the role of the individual minister must always be related to his [her] membership in the group."
for the administration of BCDC rests with the Minister of Economic Development acting in concert with the Cabinet.

The actual working relationship between the Minister of Economic Development and BCDC's board will vary according to the personalities involved and the fluctuating interest in the affairs of the corporation. The government has chosen to strengthen this working relationship by appointing the Minister of Economic Development as a voting member of BCDC's board. This allows the minister intimate knowledge of BCDC's operating needs and potential, which in turn, can be relayed back to Cabinet. It also means that the minister directly shares in the management of the corporation, a feature more appropriate to departmental administration.¹

While this practice ensures that relations between the minister and the board are close and continuous, it impinges on the board's impartiality. As the minister's experience and position entitle him/her to make political decisions, this practice could subject the board to partisan pressures and influence their assessment of what board responsibilities constitute. In addition to reducing BCDC's autonomy, this

¹ This implies that the minister is subject to intensive questioning in the Legislature as with departmental administration. Arthur Meighen, shortly before becoming Prime Minister, elaborates on the position in which the minister is put: "You cannot put the company on its defence in this House day by day as to individual acts and management, unless you have somebody in this House who is competent to answer for the company, and if he/she is competent to answer then he/she must have something to say as to the management and daily operations." Canada, House of Commons Debates, 1920 p. 1664 - 1666, as cited by C.A. Ashley & R.G.H. Smails, p. 41.
practice does not necessarily increase corporate accountability as there is no statutory or administrative requirement that ministerial directives to the board be made public in the legislature. One can only assume that the Minister of Economic Development is appointed to the board in deference to BCDC's highly persuasive mandate for provincial industrial development. The government obviously feels better able to supervise BCDC through this practice, willingly sacrificing BCDC's autonomy to increase its accountability to Cabinet.

ii. Legislative Supervision

The initial point of contact between the Legislature and the crown corporation occurs when a bill to incorporate the agency is introduced in the House. In the case of BCDC, Bill 102 was subject to a lengthy debate on both its second and third readings which provided opportunity for the Opposition to present their arguments against the bill. As noted, the most contentious provision in Bill 102 was that which allowed BCDC to take an equity position in an industrial enterprise. This provision resulted in a motion by the Opposition Social Credit Party to have the bill hoisted and laid over for a period of six months for further study, a motion defeated by the NDP government majority vote.

Aside from the initial debate on Bill 102, a full debate on BCDC never takes place in the House except when the corporation's annual report is tabled in conjunction with the budget estimates of the Department of Economic Development. The tabling of the annual report is the major opportunity
for discussion about BCDC between the Legislature and the competent minister. At this time, the minister explains the activities of his/her department and BCDC and responds to whatever questions the Opposition asks. At times other than presentation of the annual report, it is possible for the minister to refuse to respond to questions from the floor pertaining to BCDC. Precedent has established that day-to-day affairs of a crown corporation unlike those of departmental administration, are not subject to legislative questioning. The chief arguments against ministers being required to supply corporate information are:

- the minister does not have the information requested,
- the disclosure of information might be disadvantageous to the corporation's operations,
- the provision of information for members of the Legislature would place an unreasonable burden on some corporations, with little corresponding advantage.

Considering that the Minister of Economic Development is a BCDC board member (at the present time, 1977, the board's chairman), and that the board is required by statute to make

1. Suggestions have been made from the Legislature on this annual reporting procedure: notably in 1974 in BCDC's first year of operation, it was put that the Department of Economic Development's annual report should:

"...set a model for other government departments. It should set a model of the fullest disclosure of the use of public funds in the sensitive area in which he [the minister], is operating, namely assistance to the private sector through the British Columbia Development Corporation and other matters under his department. Where such complete disclosure cannot be made because of commercial confidentiality, at least the matters involved should be disclosed if not the exact amounts."

information available to the minister, there is no doubt that
the Minister of Economic Development is well-informed of BCDC's
activities. Should a question require response, the decision
as to what information can be divulged or withheld is properly
the perogative of the minister, rather than BCDC's board of
directors. However, it has become practice not to answer ques-
tions on BCDC on the grounds that disclosure would adversely
affect the corporation's operations. Unfortunately, this prac-
tice considerably reduces the accountability of BCDC to the
Legislature.

An extreme course of action to which the Opposition can
resort when requesting information is to move a motion of non-
confidence against the competent minister. In fact, this me-
thod was used in February, 1977 when Opposition member Gary
Lauk presented a motion in the Legislature to reduce the Honour-
rable D.M. Phillips' salary to $1, the traditional means of
moving non-confidence.¹

¹ The motion of non-confidence came during debate of the es-
timates of the Department of Economic Development when a number
of questions raised by the Opposition concerning Phillips' part
in industrial loans made by BCDC went unanswered. Lauk charged
that "Phillips arranged the loan [to Liktite Components Ltd. of
Dawson Creek] against the advice of senior officials of the crown
corporation...a loan which NDP appointees to the BCDC board re-
scinded last October." ("No Confidence Moved Against Phillips,"
The Vancouver Province, 12 February 1977.) Lauk also renewed an
earlier charge that Phillips influenced "BCDC to buy 9.8 acres of
land in his [Phillips'] hometown of Dawson Creek, with the inten-
tion of making it available at cost to the city." (Phillips Ad-
mits He put His 'Two-Bits Worth' In on BCDC Loan," The Vancouver
Sun, 11 February 1977.) These remarks highlight the difficulties
inherent in the practice of appointing a minister to the board
of a crown corporation; the board's vulnerability to partisan
pressure is increased and the minister is highly susceptible to
charges of 'pork-barrelling'.
Despite the severity of this action, Lauk did not receive any additional information on BCDC's loan-making activities. It would seem that this Legislative approach to requesting information on crown corporations is not particularly fruitful and accountability suffers accordingly.

One source of information open to members, apart from direct questioning of the competent minister in the Legislature, is to refer the inquiry to the Standing Committee on Public Accounts and Economic Affairs. As BCDC's annual report forms a part of the Public Accounts this committee is capable of responding to questions on the financial aspects of BCDC's operations. This is a helpful procedure as the level of detail in the annual reports of BCDC is not as explicit as might be required. For instance, in the 1975 statement of the corporation's financial support to industry, no differentiation is made between loans and loan guarantees or working and equity capital loans; neither does the annual report indicate the number of jobs created through BCDC support, the exact location of the industries assisted, or whether the industry was capital or labour intensive.¹

Another reference to BCDC's financial status available to members of the Legislature, is made in the British Columbia Financial and Economic Review published annually by the Department of Finance. In 1973 and 1974, the Economic Review reported that BCDC had been established, was authorized

¹ British Columbia Development Corporation First Annual Report 1975, p. 13, "Loan & Guarantee Approvals".
to promote provincial industrial development, and had a share capitalization held by the provincial government. In 1975, additional information stated that "a total of 60 loans and guarantees totalling $7.2 million" had been approved; BCDC was extending its activities to include "service industries related to secondary manufacturing as well as hotels and motels" in addition to loans to secondary manufacturing and processing, and BCDC had purchased land for development in Delta, Prince Rupert, Surrey, Agassiz, Merritt, and Kamloops.¹

As a final source of information, members of the Legislature are left with public statements on BCDC as reported in the press.

In summary, it can be said that members of the Opposition in the Legislature are in a somewhat disadvantaged position with respect to gaining access to information on crown corporation activities. As the traditional method of questioning in the House is closed to members, information on BCDC must be gleaned from secondary sources. Of these, the most important source is BCDC's annual report. Yet, despite provisions in the Act which require that the report be a detailed document, BCDC's annual reports cannot be considered to be completely satisfactory. The financial status of the corporation can be easily interpreted from the annual report; however, there is little detailed information regarding BCDC's activities on a project-by-project basis. The policy-related sections of the

report are phrased in highly promotional tones to appeal to industrialists considering British Columbia as a location, rather than to politicians who are seeking to ensure that BCDC is operating in accordance with its provincial mandate.

ORGANIZATIONAL AUTONOMY AND ACCOUNTABILITY IN THE BRITISH COLUMBIA DEVELOPMENT CORPORATION

The preceding analysis has established that the nomenclature of a particular public enterprise can mean little in practice, in terms of its autonomy and accountability. Rather, the organizational parameters which restrict the autonomy and determine what the public enterprise must account for, are set within the confines of each governing statute and related governmental regulatory documents. In addition, a number of practices with respect to public enterprise are adhered to due to precedent. In the case of BCDC, established as a provincial crown corporation by statute, government supervision is exercised through certain procedures.

Most importantly, BCDC operates subject to a financial arrangement which is of crucial significance in the relationship between the agency and the government, as it largely defines both the limits of autonomy and the basis on which corporate accountability will be judged. The pattern of Canadian corporate accountability identified by J.E. Hodgetts can most certainly be said to apply to BCDC:
"The restriction on corporate freedom mainly takes the form of reducing financial independence rather than in providing for outright Ministerial intervention in policy matters. Within the variable confines of these financial strictures, the boards of public corporations claim, and Ministerial heads generally acknowledge, a freedom from direct parliamentary surveillance." 

The implications for corporate performance criteria indicated by the statutory financial restrictions on BCDC may be surmised. In the sense that BCDC is financed in the long-term by permanent assets rather than appropriations, the corporation must be revenue earning. BCDC is thereby subject to stimuli similar to those of private enterprise - the need to survive and the need to attract capital to do so. Liabilities are unlikely to be created in respect of uneconomic industrial operations which the board is required to undertake as a matter of public policy. If BCDC would show a profit, or at least not record a loss, then board decisions pertaining to loans for industrial development must be based on the financial viability of the individual firm (as is indicated in Section 24(1) of the Act). When lending on a medium or long-term basis, BCDC must place emphasis on the earning power of the borrowing concern over a period of years and its ability to repay the debt. When lending on a short-term basis for less than one year, BCDC must place reliance on the balance sheet of the business in order to determine whether, in the case of liquidation, current assets would produce sufficient funds to repay the debt.

In addition, it was noted that the practice of appointing the Minister of Economic Development to the board of directors of BCDC was an important step by government in restricting corporate autonomy. The Honourable Gary Lauk sat on BCDC's first board of directors until December, 1975 when he was replaced by the Honourable Don M. Phillips, the new Minister of Economic Development. Not only was Phillips appointed as a board member but he was also made its chairman (order-in-council #3847), which automatically entails chairmanship of the executive committee. Certainly this engenders debate as to the administrative independence of BCDC and its degree of freedom from partisan manipulation. Such a practice also brings into question BCDC's establishment as a corporate entity. The ministerial function is closely akin to what would have occurred had BCDC been set up as an operating division in the Ministry of Economic Development. As the competent minister acts as a voting member and chairman of the board, he/she must accept some responsibility for its day-to-day management, a feature of departmental administration. This point is well made by J.E. Hodgetts:

"The philosophy underlying this policy [political appointments to a corporate board] has never been expressed: are these departmental watchdogs set up by a Government that is suspicious of its own action in creating an 'independent' corporation? If so, why use a corporation in the first place?"1

In summary, corporate autonomy is reduced by Cabinet selection of BCDC's board of directors; by government accounting and audit of BCDC's fiscal position; and by appointing the competent minister to BCDC's board. In terms of accountability, BCDC is expected to behave in a fiscally responsible manner in carrying out its mandate, similar to corporations in the private sector. The shareholders in BCDC (ie. the citizens of British Columbia), can expect the corporation to be financially self-sustaining beyond the initial $25 million government share capitalization.
CHAPTER 5

THE OPERATION OF THE BRITISH COLUMBIA DEVELOPMENT CORPORATION

In preceding discussion, a crown corporation was described as an institution with corporate form brought into existence by action of the government to serve a public function.¹ In the case of the British Columbia Development Corporation (BCDC), government action was taken through statutory provision to create a corporation which would enhance the industrial development of British Columbia. BCDC has been assigned a wide-ranging mandate, the objectives of which are best stated by quotation from the Development Corporation of British Columbia Act:

"The object of the corporation is to create, develop, and increase income, employment, tax revenue and other economic benefits to the Province by encouraging and assisting in the establishment, expansion, and continued operation of industrial enterprises in the Province" [Section 4].

The role of BCDC as a public enterprise is to augment the work of the private sector in various ways to rationalize industrial development in order to meet the statutory objectives set by the provincial government. While the statute is useful in delineating the organizational aspects of autonomy and accountability in BCDC, the conventions of legislative drafting preclude very specific expression of government

¹ See Chapter 1 for a more detailed definition of a crown corporation.
policy and implementation procedures under which the corporation must operate. For instance, the Development Corporation of British Columbia Act places no restrictions on the size, location, organizational form (ie. partnership, company, or corporation), or ownership (ie. foreign-owned, Canadian, or provincially-owned) of a firm which is eligible for assistance by BCDC. Nor is there very specific definition of the term 'industry'. 'Industrial enterprise' as defined in the Act, may include any firm which engages in "industry, trade, business or other enterprise whatsoever"; the definition specially includes any form of agriculture, agricultural product processing, and any form of the tourist industry. The single statutory restriction on assistance given by BCDC is that the industrial enterprise must be 'located in' or 'proposing to locate in' British Columbia.

BCDC is placed firmly in the position of industrial promoter, but there is little detailed operational guidance through statutory provision for conducting these promotion activities. A number of decisions must be made in order to actualize BCDC's mandate, and these decisions effectively constitute BCDC's operational strategy for furthering industrial development in British Columbia. For instance, BCDC may act through the private industrialist to stimulate improvements in management skills, to supply new technologies, to supply capital, and to provide various industrial facilities. These options for promoting industrial development can influence the sectoral pattern or geographic distribution of
industry, the size of firms, or the scale of organization of production, marketing, and other activities in industry as a whole or within specific industrial sectors. It must be stressed that decisions pertaining to BCDC's industrial promotion options have repercussions for a myriad of other economic and social concerns in the province. While these concerns are the responsibility of the Government of British Columbia, BCDC, as an agent of that government, must ensure that its actions are in accord with the intended direction of government policies.

The question then arises: how autonomous is BCDC in making operational decisions which have a potential impact beyond its corporate objectives? More specifically, the question is raised: how do the policies of the provincial government influence the operations of BCDC? Equally, it is necessary to determine where the dividing line is drawn: does BCDC make policy related to its statutory mandate or does BCDC merely implement the industrial component of a broader policy established by government?

The degree of policy-making autonomy which BCDC has may be sought through a comparison of the role assigned to BCDC in provincial government policy and the industrial promotion activities actually undertaken by BCDC. Initially, it is important to review the economic and industrial policies established by the two Governments of British Columbia between 1973 and 1977. Statements from government documents
and ministerial comments are used to summarize these policies under the New Democratic Party and Social Credit Party administrations.

Secondly, it is necessary to delineate, as far as possible, the role assigned to BCDC in provincial government policy under the two administrations; and to compare this role with BCDC's industrial promotion activities to determine how corporate activities re-inforced governmental intentions for the corporation. The two annual reports and various other publications of BCDC, elaborated by newspaper accounts and discussion with senior government officials, are used to facilitate this comparison.

THE NEW DEMOCRATIC PARTY ADMINISTRATION, 1973 to 1975

i. Provincial Government Economic Development Policy

The New Democratic Party (NDP) was elected to form the provincial government in the Fall of 1972, at a time just prior to drastic change in the economic fortunes of British Columbia (See: Appendix 10 "Characteristics of the Provincial Economy and Implications for Economic Development"). The problems of the British Columbia economy which were emphasized by a provincial economic recession 1974 and 1975, were recognized by the NDP before their election victory. In a background paper prepared for an NDP delegate convention, the Party had stressed that the industrial base of the province was too dependent on resource extraction, with too
little value-added secondary production. Prepared by the Committee on Taxation, Finance and Secondary Industry, the background paper stated that:

"The central problem of the B.C. economy at this point is that it is based on the exploitation and export of our natural resources in the raw state. It provides an inadequate number and a declining percentage of the jobs required. The B.C. economy is extremely sensitive to business cycles and is incapable of generating enough job opportunities utilizing higher levels of training and education. Despite all these drawbacks, it produces substantial returns to those private firms which have been able to gain control over our natural resources. Such conditions are typical of all colonial or 'banana republic' economies."

The Committee on Taxation, Finance and Secondary Industry went on to elaborate the basic approach the NDP would adopt to economic development should they form the government in British Columbia. The reasoning was to:

"...establish a balanced economy, it is necessary to develop a secondary industry sector - both in the processing of B.C.'s resources and also for directly serving B.C. consumers. The dual problem is thus how to tap the revenues generated by the resource sector and how to establish secondary industry. In order to accomplish this and also to support programmes in housing and other social needs of the people of British Columbia, a democratic socialist government must establish full public control over the resource sector.

While the disadvantages of our resource orientation are apparent, the potential of obtaining substantial public revenues and of fostering processing sectors is also clear. More public revenue can be obtained from the resources of the province through increased license fees, stumpage royalties and taxes. The expanded revenue available from the resource sector

would make possible public establishment and ownership from the outset of the secondary industries required for the development of the B.C. economy. The process would be one of an emerging public sector in resources, the most sure way of making certain that resources are managed in the public interest.  

It is clear that an NDP government would play an active part in provincial resource management via the proposed stewardship-ownership role. An NDP government would also attempt to diversify the economic base of the province through public support of secondary industrial expansion.

In 1973, the first year after their election, the NDP clarified their determination to actively participate in the economy of the province. The new Minister of Economic Development, the Honourable Gary Lauk, espoused the government's intentions in his first major policy speech:

"The B.C. government will take a position in the private sector only where a region needs support and never in one already prospering under private business and industry."  

To this end, the NDP government made a number of direct investments in the private industrial sector during the course of their three years in office. Investments included those enacted in the Legislature by statute to establish a number of new crown corporations; investments made through the acquisition of established companies, particularly in the forest, agriculture, and transit sectors of the economy; and investments through limited share purchase in established


2. "Lauk Unveils Plans to Step Up Aid To Industry," The Vancouver Province, 7 July 1973.
companies operating in British Columbia. As a complementary step, Lauk undertook a major reorganization of his department in 1974. In addition to the statistical services which the Department of Economic Development had traditionally provided, new promotional programmes were instituted to encourage provincial industry to "add value in terms of secondary expansion of their activities."

In 1975, Lauk reaffirmed the government's orientation to diversification of the British Columbia economy through projects which added value to natural resources before export - "From resources extraction ... the next step for B.C. is to...

1. Crown corporations established under the NDP administration include: the Insurance Corporation of British Columbia; the British Columbia Cellulose Co. Ltd., which holds the majority of shares in Canadian Cellulose Co. Ltd. and all assets of the Kootenay Forest Products Ltd., and also advises the government on the management of Ocean Falls Corporation and Plateau Mills Ltd.; Ocean Falls Corporation; and the Crown Development Corporation which owns the Princess Marguerite Ferry and B.C. Steamship (1975) Ltd. which operates the ferry. Government investments made through the acquisition of established companies include: in the agricultural sector, share purchase in Swan Valley Foods Ltd., South Peace Dehy Products Ltd., 10K Poultry Ltd., and Panco Poultry Ltd.; in the transit sector, McArthur Transportation, Tweedline Tours, T.S. Holdings Ltd., and Vancouver Island Transportation Co. Ltd., which all operated charter services on Vancouver Island; in the forest sector, the government acquired shares in Canadian Cellulose Co. Ltd., and all assets of Plateau Mills Ltd., Kootenay Forest Products Ltd., and the Ocean Falls operation of MacMillan-Bloedel. The government also acquired a limited share purchase in B.C. Tel and Westcoast Transmission, and acquired the full assets of the Dunhill Development Corporation Ltd., a construction and development company.

2. "Lauk Unveils Plans to Step Up Aid To Industry," The Vancouver Province, 7 July 1973.
go into such industry as refining, smelting and steel production.¹ A number of studies were started that year by the government and private concerns to determine the viability of these projects and to establish their potential for providing a base upon which other secondary manufacturing could be supported.²

Another facet of the NDP's policy was its consideration of the spatial arrangement of British Columbia's industry. Lauk stated that the government intended to take action "to decentralize industrial development into the rural regions of B.C. ...[and to] make it attractive for workers to live in regions by providing social development - people services."³

In order to determine the regional potential for various sectors of industrial development a series of studies were initiated under an Interim Planning Agreement with the federal government.⁴ Only one of the regional studies was published


2. A number of regional development projects were discussed including a proposal for a steel mill, construction of a copper smelter, an oil refinery, an aluminium industry based on Hat Creek metallurgical coal resource, the establishment of an aluminium industry based on Hat Creek flyash, and expansion of development of the northeast coal resource. Transportation improvements were also discussed at the time to facilitate these projects, including construction of major port facilities at Prince Rupert, expansion of loading facilities at the port of Roberts Bank, and various improvements and extensions of B.C. Railway's trackage in the northern interior.


4. The objectives of the Interim Planning Agreement are outlined in Chapter 3, p. 46, which also lists the regional reports prepared by the Study Team under the agreement.
prior to the election of the Social Credit Party, which formed the new government in December, 1975. As a result, the on-going process of developing and implementing policy alternatives based on the information consolidated in the Interim Planning Agreement Studies was placed in the hands of the new provincial government.

Via their party's process of policy development at annual delegate conventions, the NDP had refined a wide body of policy covering its philosophical and legislative goals prior to their election in 1972. During three years of administration, the NDP attempted to institute a number of changes in the economic development of the province based on these previously articulated policies. After the prosperous condition of the economy during the NDP's first year in office in 1973, the government was confronted with some considerable setbacks. Without question, the most serious problem the NDP government faced was the downward shift in provincial economic growth in 1974 and 1975.

The change in government policy toward resource revenues, increased taxation of the oil, gas, and mining industries, and emphasis on public investment in industry led to some uncertainty in the private sector during the NDP administration. In addition to a loss of confidence in the business community, the NDP were faced with poor world-wide economic conditions and an abbreviated time period in which to bring their policies to fruition. Thus, it is difficult to evaluate the impact of NDP policy on the 1974/1975 recession in
British Columbia.

In summary, the NDP's major policy orientation while in office took a long-term approach which was intended to shift the regional and sectoral emphasis of the provincial economy. Most importantly, the NDP were concerned to diversify the economy, where necessary, by the intervention of public enterprise. The preparatory work for such a strategy occupied the NDP during its administration and was well established prior to the 1975 electoral defeat of the NDP government.

ii. The Role and Activities of the British Columbia Development Corporation

There is little question that BCDC held a preeminent place in the NDP's strategy to diversify the provincial economy through expansion of the industrial sector.¹ Elaboration of the role assigned BCDC in this strategy was concisely expressed by the Honourable Gary Lauk, Minister of Economic Development, in February 1974:

"We envisage the corporation as being a development tool of the provincial government that will complement the development in the private sector of the economy. The corporation will be ...an active instrument for achieving the NDP government's goal of planned expansion of secondary industry in a manner that is socially as well as financially beneficial to the province.

I can see the development corporation getting involved in any number of enterprises, large and small, in the province, either in partnership, joint venture situations, equity situations, or alone in developing various new industries.

¹. The NDP as indicated in Chapter 3 pp. 39-40, had long been a champion of a government-sponsored industrial development corporation.
In all this, the corporation will be taking a regional approach in order to eliminate disparities as much as possible."1

To facilitate this role BCDC was provided by statute, with numerous industrial promotion options for performing an active development role in the province and close links with the Cabinet, acting through the Lieutenant-Governor, permitting integrated decision-making.

In addition to statutory provision, the NDP administration outlined its intentions for the corporation through Gary Lauk, acting as the spokesperson for the government. Four operational roles were assigned to BCDC by the NDP government as articulated by Lauk:

1. a role to assemble, service, and make available land to industry on a lease basis throughout the province.

2. a role to provide financial assistance to broaden the industrial base in the province, favouring firms with particular characteristics.

3. a role to upgrade the entrepreneurial skills of British Columbians so they may become more successful businesspeople.

4. a role to promote decentralization of industrial opportunities, throughout the province.

The relationship between the operational roles and details of the NDP government's objectives and policy orientation is depicted in the following Figures 1 to 4: BCDC's

Assigned Role, 1973 to 1975. In addition, Figures 1 to 4 outline BCDC's programmes and activities between April 1, 1974 and March 31, 1976, the corporation's first two fiscal years in operation.

It may be seen from the information detailed in Figures 1 to 4 that a number of the NDP government's objectives were utilized by BCDC during its first two years in operation to orient corporate programmes and activities. In summary, BCDC's operation in 1974 and 1975 was characterized by:

- acquisition of land in centres with proven industrial attraction (Delta, Prince Rupert, and Kamloops) in order to reduce the risk on a major portion of the corporation's capital,

- a cautious approach to financial assistance as BCDC tended to support existing or expanding business rather than new ventures; tended to make small loans to a large number of firms operating in diverse industrial sectors; and tended to lend in concert with other financial institutions.

1. The information in Figures 1 to 4 has been summarized from the following newspaper articles: "B.C. To Play Double Role in Aid To Industry," The Vancouver Province, 20 October 1973; "B.C. Buys $4.3 Million Site," The Vancouver Sun, 26 November 1973; "Stanley to Head Development Corporation," The Vancouver Sun, 18 January 1974; "B.C. Government Takes a Crack At Free Enterprise," The Financial Post, 9 February 1974; and "B.C. Eyes Major Decisions on Industrial Policy," The Vancouver Province, 8 February 1975. In addition, a synopsis of the operational tasks assigned BCDC is found in the 1974 Annual Report, Department of Economic Development (Victoria: Queen's Printer, 1975), p. 13. The annual report stressed that BCDC was meant to stimulate industrial growth through its most vital function - the acquisition and servicing of land leased to industry. Financial assistance from BCDC was to be provided only to complement funding from other established institutions.
FIGURE 1: BCDC's Assigned Role, 1973 to 1975

<table>
<thead>
<tr>
<th>NDP GOVERNMENT OBJECTIVES</th>
<th>POLICY ORIENTATION</th>
<th>BCDC's ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- reduce the prohibitive cost of serviced industrial land in British Columbia</td>
<td>- inventory land suitable for industrial development</td>
<td>- assets of R.M.H. Holdings transferred to BCDC in 1974 including 726-acre Tilbury Island. Consultant studies commissioned by BCDC on site access, soils, and environmental impact; recommended for heavy industry. 250-acres in Agricultural Land Reserve.</td>
</tr>
<tr>
<td>- create exemplary industrial estates</td>
<td>- help co-ordinate, through an education campaign, municipal attempts to attract industry by land incentives</td>
<td></td>
</tr>
<tr>
<td>- up-grade provincial industrial facilities according to sound environmental principles</td>
<td>- initiate a programme of land acquisition on the open market</td>
<td>- 797-acres on Kaien Island in Prince Rupert, adjacent to the federal government's Fairview docks. Recommended for highway and port-related industry.</td>
</tr>
<tr>
<td></td>
<td>- provide reasonably priced, serviced, industrial land on a lease basis to industry</td>
<td>- option-to-purchase on 460-acres in Kamloops; recommended for highway and rail-related industrial use. Entire parcel removed from the Agricultural Land Reserve in April, 1975 to facilitate industrial development.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- land purchased in Agassiz, Merritt, and Surrey on a custom basis for clients desiring to locate in these areas; lease arrangements made for these properties.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- revenues for land would be based on charging the firms a percentage of the commercial value of the land as a lease rate; the lessee would also pay municipal property taxes. BCDC would be looking for a repayment of their investment, not a profit.</td>
</tr>
</tbody>
</table>
FIGURE 2: BCDC's Assigned Role, 1973 to 1975

<table>
<thead>
<tr>
<th>NDP GOVERNMENT</th>
<th>POLICY ORIENTATION</th>
<th>BCDC's ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- broaden British Columbia's industrial base and thereby reduce the province's sensitivity to foreign business cycles</td>
<td>- develop programmes to provide small businesses with capital</td>
<td>- 25 loans &amp; guarantees made with total programme value of $19 million of which BCDC loaned $1.2 million &amp; guarantees $4 million</td>
</tr>
<tr>
<td>- create more job opportunities utilizing the higher levels of education and training available in the province</td>
<td>- involvement in large projects with loans of $1 million or more, requires that BCDC take an equity position and place a person on the firm's board of directors</td>
<td>- largest loan of $481,000 to assist an Ontario company build mobile home plant at Salmon Arm</td>
</tr>
<tr>
<td>- help keep industry Canadian by aiding in local mergers or helping employees buy out owners who retire</td>
<td>- no forgiveable loans and no grants to any industry</td>
<td>- first loan made in May, 1974 to a Vancouver-based manufacturer of electrical circuitry boards</td>
</tr>
<tr>
<td></td>
<td>- foreign-owned corporations to receive assistance on an equity or joint-venture basis exclusively</td>
<td>- established loan pattern to take a leverage position by making a large number of small loans, usually with other lenders who provide the bulk of the financing</td>
</tr>
<tr>
<td></td>
<td>- assistance to high-technology British Columbia industry</td>
<td>- most firms investigated by banks or a federal lending agency so BCDC's participation in the loan could not be considered a loan of last resort</td>
</tr>
<tr>
<td></td>
<td>- support new and innovative business if there is a proven market</td>
<td>- did not take an equity position in any firm and made no grants; will not refinance or finance acquisitions</td>
</tr>
<tr>
<td></td>
<td>- favour labour-intensive business; capital-intensive business would be supported only when ripple-effect created in economy</td>
<td>- loan focus on expansion of existing business in a variety of industrial sectors; loan funds applied to machinery &amp; equipment (57%), land &amp; buildings (23%), working capital (17%), &amp; refinancing other loans (1%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 400 new jobs claimed to have been created in British Columbia as a result of BCDC's loan programme</td>
</tr>
</tbody>
</table>
### FIGURE 3: BCDC's Assigned Role, 1973 to 1975

<table>
<thead>
<tr>
<th>NDP GOVERNMENT OBJECTIVES</th>
<th>POLICY ORIENTATION</th>
<th>BCDC's ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- assist British Columbians to keep industry Canadian by upgrading local skills</td>
<td>- provide technical assistance to small businesspeople to expand or develop new products</td>
<td>- effort focussed on backing community college courses for small businesses; BCDC subsidizes courses which attract enrollments below the minimum required to run the course. 203 courses held for 2,500 students.</td>
</tr>
<tr>
<td>- promote good management practices in businesses through the province</td>
<td>- business advice and information to business people, including access to training</td>
<td>- 9 management training seminars held throughout the province</td>
</tr>
<tr>
<td></td>
<td>- assistance to establish or expand a business in the province</td>
<td>- information service to businesspeople about assistance programmes offered by other government agencies and departments</td>
</tr>
</tbody>
</table>

**PROFESSIONAL SERVICES**
FIGURE 4: BCDC's Assigned Role, 1973 to 1975

<table>
<thead>
<tr>
<th>NDP GOVERNMENT OBJECTIVES</th>
<th>POLICY ORIENTATION</th>
<th>BCDC's ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- direct industrial</td>
<td>- strengthen industrial sectors in outlying regions in which British Columbia has technical expertise; building car ferries/barges/booming boats and sawmill/logging equipment</td>
<td>- to March 31, 1974: 60% of loans made to firms located outside the Lower Mainland; 64% to business management courses sponsored in facilities outside the Lower Mainland; land transactions in Delta, Surrey, Merritt, Kamloops, and Prince Rupert</td>
</tr>
<tr>
<td>opportunities to areas of the province other than the Lower Mainland</td>
<td></td>
<td>- financial assistance programme started to assist motel and resort owners outside large urban centres to construct new sleeping units</td>
</tr>
<tr>
<td></td>
<td>- initiate a land banking programme which facilitates development of industrial infrastructure in smaller communities</td>
<td>- loans officers sent throughout British Columbia to advertise BCDC's programmes</td>
</tr>
<tr>
<td></td>
<td>- take an equity or joint-venture position in business or 'go it alone' to develop new enterprises in the province</td>
<td>- awaiting completion of Interim Planning Agreement studies to indicate regional potential for development</td>
</tr>
</tbody>
</table>

- little innovative activity in the area of professional services to businesspeople,

- some effort to adhere to the decentralization of industry role while maintaining a viable corporate financial structure; assistance to industries in outlying areas is a much higher risk proposition for BCDC than is following the established pattern of development.

BCDC's role in land assembly and development brought to the forefront a conflict within the NDP Cabinet; the issue centered on the pursuit of industrial and economic objectives *viz-a-viz* the agricultural objectives of the government. In the case of BCDC's Kamloops land assembly, Cabinet removed the Agricultural Land Reserve designation on the 460-acre parcel in order that it could be developed for industry.\(^1\) A total of 250-acres in the Tilbury Island assembly in Delta were also designated for agricultural uses under the Agricultural Land Reserve. However, the Tilbury Island parcel was the subject of a continuing, highly-publicized public outcry in 1974 and 1975 to retain the land designated for agricultural purposes.\(^2\)

---


2. A number of groups organized to form the Tilbury Action Committee to combat the re-designation of the Tilbury Island site, including SPEC. The GVRD did not favour the re-designation as reported by the Technical Planning Committee as it was in conflict with management of growth objectives in the region. The issue was raised in the Legislature on a number of occasions by Harold Steves, NDP MLA for Richmond, who was opposed to the re-designation. Immediate reaction from local officials in Delta was also not favourable with objections centering on the fact that they had not been consulted by the government or BCDC and the land was prime farmland regardless of its industrial zoning.
It can be assumed, following Cabinet's decision on the Kamloops land assembly, that Tilbury Island would likely have been removed from the Agricultural Land Reserve had it not been publicly contested. This issue raises the critical question that BCDC is subject to direct political intervention in its operational activities: the NDP government was not adverse to such intervention in order to facilitate the achievement of BCDC's mandate, despite the fact that the general credibility of the Agricultural Land Reserve would be reduced.

THE SOCIAL CREDIT PARTY ADMINISTRATION, 1976 to 1977

i. Provincial Government Economic Development Policy

As perceived by the Social Credit Party (Socreds), the key reason for their election victory in December, 1975 was a professed belief in a 'free enterprise' doctrine which would "return confidence in British Columbia's future and create a positive atmosphere for the encouragement of new ...investment from the private sector is the most important element in creating jobs for British Columbian's." As a first step to expedite the work of government in various planning and policy matters, the Socreds created a new Cabinet committee structure. The Cabinet was divided into five


2. The five Cabinet committees created by the Socred government in 1976 are: - Planning & Priorities Committee, chaired by the Premier: - Social Services Committee, chaired by the Minister of Education: - Economic Development Committee, chaired by the minister of Economic Development: - Environment Committee, chaired by the the Minister of the Environment: - Urban Development Committee, chaired by the Minister of Municipal Affairs.
committees to work on "an industrial strategy ... taxation and environment matters and B.C.'s posture at various federal-provincial meetings ...[and] toward changing the structure of government."¹

The affairs of the Cabinet committee on Economic Development, which enunciates the official government policy on economic matters, are reported by its chairperson the Honourable Don Phillips, Minister of Economic Development. In his first major policy statement in April, 1976 Phillips stated that the government's economic strategy was "still in the study stage", but would be "tied in with a plan to use B.C.'s resources, particularly forests and minerals, as trading bait for establishment of further secondary industry ... this would mean that B.C. would try to get resource customers to agree to buy secondary manufactured goods in return for being guaranteed a long-term supply of, say, coal."² Other major considerations of the new government in formulating an economic strategy included "a need to slow down the growth of the lower mainland, a need to diversify from resource production into further secondary manufacturing and a need to remember environmental restraints."³ These ideas closely parallel those of the previous NDP administration.

However, an important distinction between the NDP and Socred governments is their differing emphasis on the role

². Ibid.
³. Ibid.
of the public sector in economic development. One of the major campaign promises of the Socreds for instance, was to return the operations of crown corporations created under the NDP government to the private sector in order to "replace the NDP's 'social benefit' approach in using taxpayer money to finance business enterprises with a policy based on conventional business principles."\(^1\)

The Socred position is well reflected by their actions during 1976 to stimulate the economy from its recessionary slump of 1974/1975. One important move reduced taxation of the mining industry through the Mineral Royalties Act, 1974 which is said to have resulted in a "three-fold increase in mining exploration, and prospecting for gas and oil."\(^2\)

Another programme, announced in September of 1976, was intended to stimulate the depressed economy of British Columbia's northwest region by providing the more traditional type of public goods - improvements to the area's road and rail facilities and designation of Prince Rupert as a coal port to handle the northeastern area's resources.\(^3\)

Despite these concrete steps, it was not until mid-1977 that the Socred government publicly enunciated its economic and industrial development policy for British Columbia. In

---

3. The northwest region had previously been the subject of a joint federal-provincial agreement signed in 1973 under the NDP government, which had been shelved when the Socreds were elected.
the Industrial Development Subsidiary Agreement signed in July, 1977 by the Governments of Canada and British Columbia, the Socred strategy for provincial development was outlined.¹

The policy objectives of the Socred government as stated in the Industrial Development Subsidiary Agreement are:

"1. increasing the opportunities for productive employment and more generally, ensuring greater balance between actual employment and the number of people actively seeking work;

2. maintaining and enhancing the real incomes of British Columbians;

3. providing stability of employment and real incomes in the Province; and

4. achieving a greater degree of regional balance in provincial economic development."²

An additional "very important objective" of the Industrial Development Subsidiary Agreement states that the industrial strategy "must be aimed towards increased secondary manufacturing and support activities in the less densely populated areas of the Province."³ These objectives can only be achieved through a "program of assistance designed to overcome the disadvantages of locating manufacturing away from the already developed centres."⁴

---

1. The Industrial Development Subsidiary Agreement can be said to embody the Socred and Federal government's strategy for development; as it was signed following the lengthy studies undertaken in the Interim Planning Agreement, the precedent for joint federal-provincial policy-making had been established.


3. Ibid.

4. Ibid., p. 4.
The Socreds intend to achieve these policy objectives as articulated in the Industrial Development Subsidiary Agreement, by providing a range of government incentives including financial, technical, and infrastructure assistance to industry located outside the Lower Mainland and southern Vancouver Island. The single largest amount of funds for joint cost-shared programmes is allocated for assistance to communities to provide industrial parks, advance factory space, serviced industrial sites, and industrial malls. Programme co-ordination occurs through a new Industrial Development Committee which will advise both federal and provincial governments on existing programme efforts and future programme initiatives. Members of the Industrial Development Committee will include officials of the provincial Ministry of Economic Development, BCDC, the federal Department of Regional Economic Expansion, the federal Department of Industry, Trade and Commerce, and the Federal Business Development Bank.

In summary, the Socred government's approach to provincial economic development was initially focussed (in 1976) on ensuring a favourable climate for private investment in British Columbia by reducing public intervention in the economy. As a result, British Columbia's forest and mineral resources were considered more readily available as 'trading bait' to attract investment in secondary industrial expansion. In 1977, through the signing of the Industrial Development Subsidiary Agreement, the Socred government for the first time, clearly articulated their long-term objectives for
the provincial economy. The objectives are to be achieved through a range of non-equity incentives to industry, with the provincial government confined to a funding/supervisory role.

ii. The Role and Activities of the British Columbia Development Corporation

It is clear that the role BCDC was to play in provincial development was not well defined by the Socreds during their first year in office. The Socred Minister of Economic Development, the Honourable Don Phillips, anticipated (in early 1976) that BCDC "would play a big role in any industrial strategy" however, as this strategy was not forthcoming until 1977, BCDC was left with little government direction.¹

Despite the lack of a clearly articulated government policy, BCDC took a highly publicized and active part in industrial promotion in 1976. In fact, it was suggested in December, 1976 that BCDC was "assuming a broader role - one in which it will work more closely with Victoria in the development of industrial projects ...in addition to its original function as a source of financing for small business ventures, BCDC is moving into other commercial activities."² Obviously, the corporation was functioning with a degree more autonomy for policy-making that it had under the NDP administration.


A most important indication of the corporation's increased autonomy is found in analysis of the roles of the competent minister and BCDC's president under the Socred administration; the responsibilities of the Minister of Economic Development, the Honourable Don Phillips, and BCDC's new president, Don Duguid, had been reversed. The position of the competent minister was intimately tied to day-to-day management responsibilities in the corporation as Phillips was made BCDC's chairman of the board and chairman of the executive committee by the Socred government. Don Duguid on the other hand, acted as the public spokesperson in 1976 for the corporation. Mr. Duguid became the apparent policy-maker through public statements on various new operational activities which BCDC would undertake.

One of the earliest and most noticeable changes wrought under the Socred administration was a promotional public image for BCDC. A new Public Relations Group was set up within the corporation which started giving statements to the press detailing corporate operations. Where BCDC had been speaking exclusively to individual businesspeople through assistance brochures, it now broadened its appeal to include organizations such as the Real Estate Board of Greater Vancouver, the North American Society for Corporate Planning, and the Vancouver Board of Trade. In addition, the board adopted a policy where it would meet in various centres throughout the province.¹

¹. The first meeting of the board of directors convened outside Vancouver was in Prince George in August, 1976.
At the forefront of these various promotional activities was Don Duguid. In a number of public speeches made throughout 1976 and early 1977, Duguid articulated BCDC's goals in assisting provincial industry and outlined new activities which would expand the operational role of BCDC. As defined by Don Duguid, BCDC's specific operational roles were:

1. a role as agent for the sale and administration of Crown industrial and commercial lands including Crown lands under the administration of crown agencies. 1

2. a role to initiate, co-ordinate, and develop major capital projects which facilitate provincial economic development.

3. a role to provide financial assistance and counselling to government departments and other crown corporations.

4. a role to act as expeditor in various industrial development projects which facilitate provincial economic development.

5. generally, a role to act as the single dispensing agent for federal grants made to the province of British Columbia.

BCDC undertook a number of activities between April 1, 1976 and March 31, 1977 in an endeavour to fulfill these new roles. Figures 5 to 8: BCDC's Assigned Role, depict

1. Crown lands under the administration of B.C. Hydro, B.C. Railway, B.C. Petroleum Corporation, the B.C. Harbours Board, and I.C.B.C. are included, affecting approximately 10,000 acres of land.
FIGURE 5: BCDC's Assigned Role, 1976 to 1977

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>POLICY ORIENTATION</th>
<th>BCDC's ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- make Crown lands readily available for industrial, commercial, and residential use</td>
<td>- provide a single facility for selling Crown lands which will expedite land sales to private concerns</td>
<td>- BCDC contacted municipalities asking them to isolate all Crown lands within their jurisdiction and also contacted Crown agencies asking that they send details of their Crown land holdings</td>
</tr>
<tr>
<td></td>
<td>- complete inventory of industrial land in the province</td>
<td>- as a result of this inventory, BCDC published 'Land for Industry', a promotional brochure itemizing industrial parks available in British Columbia, including those developed by B.C. Hydro &amp; B.C. Railway</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- in February, 1977 BCDC took a full page advertisement in The Economist stating that the corporation was the agent for the disposition of Crown-owned lands in the province</td>
</tr>
</tbody>
</table>
## FIGURE 6: BCDC's Assigned Role, 1976 to 1977

### DEVELOPMENT OF CAPITAL PROJECTS

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>POLICY ORIENTATION</th>
<th>BCDC's ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- provide financial assistance directly or indirectly to new and existing industrial enterprises in the province</td>
<td>- BCDC to be a profit-making corporation</td>
<td>- a Projects Group in BCDC to initiate and manage individual large projects; the Projects Group will utilize Crown lands and BCDC's development funds to provide loans for capital, mortgages, and for processing and servicing land in preparation for industrial development</td>
</tr>
<tr>
<td></td>
<td>- projects available to industry on a sale or lease basis</td>
<td>- BCDC's first project is the development of 10.4-acres in downtown New Westminster for a commercial centre. This land was formerly held by I.C.B.C. intended to be used as the site of their new provincial headquarters</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- BCDC's second project is the promotion of a research park at the University of British Columbia on 32-acres of Crown land. BCDC would be responsible for financing and servicing the site</td>
</tr>
<tr>
<td>OBJECTIVES</td>
<td>POLICY ORIENTATION</td>
<td>BCDC's ACTIVITIES</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>- ensure that government departments and agencies are fiscally viable</td>
<td>- BCDC given authority to administer the Department of Agriculture's $50 million fund which includes loans, loan guarantees, and a stock portfolio in a number of firms; also, counselling to the Department of Agriculture by BCDC on their assistance programmes including The Farm Products Industry Improvement Scheme, The Agricultural Credit Act, the Agricultural Land Development Act</td>
<td>- assembled 320-acres in Surrey for the B.C. Petroleum Corporation &amp; 10.4-acres in New Westminster for I.C.B.C.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- BCDC administers and consults on the use of funds by 2 Native Indian groups who receive aid from the provincial government</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- for the Minister of Economic Development; BCDC prepared report in September, 1976 arguing that firms were leaving British Columbia because of high wage rates. This report embroiled the Socred Cabinet in debate over the introduction of right-to-work legislation in the province.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- for the Minister of Tourism; BCDC assists the recreational industry &amp; has made loans for construction of a ski-chalet, to develop a new ski area, &amp; to construct a marina.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- for the B.C. Petroleum Corporation; BCDC advised on Westcoast Transmission natural gas development near Chetwynd.</td>
</tr>
</tbody>
</table>
FIGURE 8: BCDC's Assigned Role, 1976 to 1977

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>POLICY ORIENTATION</th>
<th>BCDC's ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- create a favourable climate for private investment in British Columbia</td>
<td>- facilitate development of secondary and tertiary industry in British Columbia</td>
<td>In Financial Assistance:</td>
</tr>
<tr>
<td></td>
<td>- de-emphasize small loans</td>
<td>- remove the $500,000 ceiling on loans: $2.6 million loan made to a Penticton firm and a $1.8 million loan to a food processor in Maple Ridge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- extend loans to include export &amp; inventory financing required by larger firms to move into non-local markets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In Land Development:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- BCDC lobbied on behalf of two private firms in Kamloops who required Department of Highways land; by ministerial decree, the land was conveyed to BCDC who sold it to the two firms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- BCDC acting on behalf of Eurocan-Weldwood, submitted an application to the B.C. Land Commission to have a 340-acre site in Houston removed from the Agricultural Land Reserve</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- BCDC facilitated a trade of Crown land to Cominco for construction of a sewage project in Kimberley; in trade for a site owned by Cominco required by a ski development which BCDC was assisting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- a removal of restrictive covenants on Crown lands formerly held by government agencies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- sell land developed rather than lease to industry</td>
</tr>
</tbody>
</table>
the objectives and activities of BCDC. 1

In summary, BCDC's operations in 1976 and 1977 were characterized by:

- large additions to the corporation's financial portfolio through administration of the Department of Agriculture's assistance programmes and through administration of provincial Crown lands,

- emphasis on large loans to facilitate large-scale industrial development projects,

- emphasis on ameliorating provincial industrial development through the role of expeditor,

- emphasis on special projects not necessarily restricted to industrial activities,

- lack of emphasis on professional services.

Certain activities undertaken by BCDC indicate that the corporation was not always acting in a socially responsible manner in 1976. In three separate instances, BCDC became embroiled in controversy with local groups over the development of industrial land. In November, 1976 the municipality

---

1. The information in Figures 5 to 8 has been summarized from the following sources: British Columbia Development Corporation, Current BCDC Authorized Loans: Loans Division (1977); British Columbia Development Corporation, Land for Industry: For Sale or Lease by the British Columbia Development Corporation (1977); British Columbia Development Corporation, Proposed Research Park/University of British Columbia (1977); British Columbia Development Corporation Second Annual Report 1976 (Victoria: Queen's Printer, 1977); and Department of Economic Development, BC Market News, Vol. 3, No. 2 (Victoria: Queen's Printer, 1977). A number of speeches made by Don Duguid, president of BCDC, proved most informative, as did a considerable number of newspaper accounts of BCDC's provincial activities in the Vancouver Sun and the Vancouver Province in 1976 and 1977.
of Prince Rupert and BCDC were arguing over the corporation's refusal to bring its 70-acre industrial park up to municipal engineering standards; the municipality acquiesced to BCDC's proposal when the corporation threatened that it would not develop the site. A similar situation has occurred in the development of the Tilbury Island industrial site in Delta. Far from being the exemplary industrial park envisioned by the NDP, the municipality of Delta has been asked to accept engineering standards below those which it normally requires for industrial parks. Further, BCDC has requested that Delta finance the majority of the $8 million required to service the land in return for the increased municipal tax base which the development would provide. Again, the municipality has agreed to BCDC's terms in their desire for municipal industrial revenues. Another aspect of the Tilbury Island industrial development is the controversy between the federal Department of Fisheries and BCDC. The Department stopped BCDC's landfilling of the Tilbury Slough marshlands, claiming it was polluting Fraser River fisheries and therefore in contravention of the Fisheries Act. The stop-work order has not been resolved between BCDC and the Department of Fisheries at the time of writing (August 1977) due to the federal appeals court summer recess in July and August. As a final instance of BCDC's approach to industrial development, the corporation has been in negotiation with the Nanaimo Indian Band since July, 1977. The Nanaimo Band has asked BCDC for a moratorium on development of a deepsea-port and industrial
park at Jack Point near Nanaimo. Specifically, the Band is opposed to establishment of sawmills on Jack Point in consideration of further damage to the Nanaimo River estuary used for fishing. At this stage of negotiations, BCDC is concerned that the cost of services at the site will be greatly increased by any delay in development; the Nanaimo city council has given approval to BCDC on the condition that the corporation provide sewage treatment and water supply, and honour greenbelt restrictions in the area. Again, the Nanaimo Indian Band's claim has yet to be resolved (August 1977).

Despite the various activities pursued by BCDC under the new operational roles outlined by Don Duguid, there is little evidence of such a change in BCDC's 1976 annual report. In fact, the single new responsibility given BCDC by the Socred government for which there is supportive public documentation, is found in the Industrial Development Subsidiary Agreement. BCDC will administer a $20 million fund to offer a programme of "loans with favourable interest rates, standard loans, loan guarantees and indemnity activities."¹ Details of the terms and conditions under which the $20 million allocation will be made available to BCDC had not been worked out when the agreement was signed; it can be assumed that BCDC will be expected to administer these monies in accord with the intent of the Industrial Development Subsidiary Agreement.

OPERATIONAL AUTONOMY AND ACCOUNTABILITY IN THE
BRITISH COLUMBIA DEVELOPMENT CORPORATION

As indicated in the preceding analysis, the actual role of an industrial development agency and the duties given it in practice, are dependent on changes in the political environment in which it operates. The government with its broad perspective on provincial economic matters, has responsibility for policy-related decisions affecting those activities which BCDC will emphasize; while the corporation, employing its own staff, is responsible for day-to-day implementation. The relationship between the government and corporate management was highlighted by the Honourable Gary Lauk, Minister of Economic Development under the NDP administration:

"The development corporation investment policy - that will be decided, in terms of the legislation, by the board of directors. Control and independence will be, in terms of the legislation, with the board of directors.

I took every opportunity and every piece of time, even though I was under great pressure from all sides of the House to get the board appointed, I wanted to appoint what I would consider a board that could act independently in the interests of the people at large. I think I have done that and they have the confidence of this government as they should have. I hope they will carry out an independent line ...their [BCDC's] investment policy, their thrust, their direction, is that of the board of directors. I think that it is as independent as we can responsibly make it." 1

Don Duguid, president of BCDC under the Socred administration, perceived the relationship between the government and corporate management as follows:

"The corporation [BCDC] is unique in that its common stock is owned totally by the provincial government, but the corporation is run as a profit-making corporation under the directorship of 10 directors who represent the business community of British Columbia. The government has one vote through the chairman of the corporation, the Honourable Don Phillips, who is the Minister of Economic Development.

What this in a sense means is that the development corporation operates to carry out the policies if possible of the government brought to it through the minister, and in turn the directors who operate very independently can interpret this policy and carry it out as best they can to suit the business community of British Columbia. As well, this type of direction provides excellent feed-back to the government from the board through the minister. We have found that we are virtually free of political interference, since the board acts very independently." 1

Thus, while the statutory provisions in the Development Corporation of British Columbia Act are not specific on matters of government policy, it is evident that a different working relationship evolved between the government, the competent minister, and BCDC's board under the two administrations.

Under the NDP administration, government policy direction for BCDC was closely maintained by the Minister of Economic Development - a reflection of the NDP's emphasis on long-term strategic policy-making and the importance they gave to increasing public participation in the private sector. The

Socred administration developed a more pragmatic approach for BCDC as a result of their support for inducing economic development through the private sector. While the NDP government sought to bring more activities within the public realm through the creation of crown corporations, the Socred government used BCDC for the opposite purpose - to move activities away from the public realm, from ministries and departments to a crown corporation.
CHAPTER 6

SUMMARY AND CONCLUSIONS

CANADIAN CROWN CORPORATIONS

In Canada, there has been a rapid growth in governmental use of autonomous public enterprises established with varying degrees of public sponsorship, but remaining outside the formal hierarchy of departments or ministries. With the growth in number, size, and variety of such agencies, new and special problems of public administration have arisen. When a government determines to establish a public enterprise it is faced with a dilemma: how to devise an administrative structure which is subject to the government's direction in matters of policy, while at the same time, ensuring that the enterprise has the necessary freedom to operate with efficiency and flexibility. When establishing public enterprise, the trend has been for government to regard complete autonomy as inconsistent with the idea that such agencies are responsible to the elected representatives of the people. This trend is evidenced by the adoption of federal legislation regularizing the creation of public enterprise, imposing certain operating rules, and improving the surveillance of public enterprise through financial controls. As the need for public enterprise is today often correlated with national planning goals, this too has produced an atmosphere conducive
to fitting the operation of public enterprise to a policy framework. Although these trends have effectively stifled earlier suggestions for completely autonomous agencies, they have intensified the search for a proper relationship between government and public enterprise.

Three forms of administrative structure have been used by Canadian governments to seek a balance between the objectives of governmental policy control and operating autonomy - the departmental administration, the joint stock company, and the crown corporation.

The newest form of public enterprise, and one which is increasingly being used by Canadian governments, is the crown corporation. Administrative authority is granted, usually by statute, to a corporate body appointed by government, which employs its own staff and operates with complete or nearly complete freedom from governmental intervention in its day-to-day activities. Given the need to intervene in the field of economic development via a public enterprise, the government sees a number of advantages in the crown corporation form. It is used because it offers the corporate characteristics of a privately-owned business. Crown corporations allow greater freedom of action, flexibility, and incentives than do government departments. Thus, they are predominantly responsible for activities such as commerce and industry, resource development, and the operation of utilities providing power, communications, and transportation services. The corporate form is further intended to free the
public enterprise from the detailed political and administrative controls which govern departments. The risk of partisan political interference in the operation of public enterprise is considered to be reduced by use of the crown corporation.

However, complete immunity from governmental supervision particularly with respect to the general direction of policy, may defeat the very objectives for which the crown corporation was established. The corporation may, for instance, overstress the financial profit side and fail to render less profitable but essential services. It may start projects injurious to the general economy and out of harmony with the governments intended strategy. Thus, the crown corporation form is a compromise solution in that it allows flexibility in day-to-day operations but restricts corporate autonomy with respect to policy decisions. As a United Nations study points out, the crown corporation is a "semi-autonomous profit-conscious entity subject to a varying degree of control over broad policy matters ...but free to take day-to-day decisions."\(^1\)

How government policy control should be defined and organized in the crown corporation is a question that is not susceptible to universally valid answers. A number of solutions are embodied in the individual statutes establishing

crown corporations. Unfortunately, statutes tend to be imprecise statements of government policy, which delimit in very general terms the mechanisms by which government may give powers to the corporation without minute legislative and executive controls. Statutory safeguards to ensure government policy control often include:

- a definition of the corporation's activities and functions,

- a definition of the role of the competent minister which usually includes the right to appoint and remove board members, the right to request information on corporate activities, the right to relay directives to the corporation, and the power of veto over the corporation's activities,

- a definition of the corporation's financial obligations, which usually allows the government to audit, inspect, and criticize the accounts of the corporation,

- a definition of the corporation's accountability to government which usually requires that the corporation make complete annual reports on its finances and operations available to the government, the public, and the press.

There is even less agreement on the extent to which central administrative procedures and operating controls should be applied to the crown corporation. Much greater freedom has usually been given to crown corporations in their day-to-day operations than in policy matters. This is a result of the argument that the corporation engaged in commercial or industrial endeavour should be judged more on total results than by individual transactions. Although it is difficult to generalize, the important areas of administrative control are considered to be in finance, auditing and account,
and in personnel matters. A 'business-like' or commercial type of accounting system, showing assets and liabilities, profits and losses, is usually prescribed for the crown corporation. Executive and legislative controls of the corporation's budget are generally limited to treasury appropriations for capital investments and subsidies to meet losses and deficits; the minister of finance is usually given the power of prior approval if the corporation has authority to borrow long-term funds, to enter the capital markets or to sell securities. Also, the annual financial statements of crown corporations are attached as an annex to the national budget so that the audits are issued as public documents.

In personnel matters, crown corporations are often exempt from the civil service regulations governing departments, which is intended to allow greater latitude in selecting and paying personnel. In many cases, this is considered necessary as managerial skills cannot be attracted at the salaries prevailing in the civil service and the corporation must be allowed to pay more. Another argument suggests that crown corporations are subject to pressures of favouritism and politics in appointing personnel. They must therefore be allowed to adopt their own practices of personnel management.

As we have seen, the board-minister-Legislative relationship is not always clearly articulated and certainly not consistent between crown corporations. Responsibilities are often defined by convention as statutory provision is not
complete, with the result that the three parties are uncertain of the roles that they respectively play. The minister can use the corporation's board as a screen and often does so when responding to questions in Parliament on day-to-day operations. The board if it wishes, can ascribe its failures to government interference through misplaced policy, and as ministerial directives to corporate boards are not made public, there is no way to verify the extent of ministerial intervention. If social goals are included in corporate mandates, there is often no performance measures set for the board which it can use to go beyond financial criteria to determine corporate success. Parliament, glancing from the board to the minister, does not know where to put the responsibility for corporate actions and its suspicions are not allayed by a free flow of information.

The frustrations inherent in this situation suggest that governments should not establish crown corporations with autonomous powers on a pragmatic basis. In particular, the crown corporation form should not be automatically selected over that of a department, as the advantages of corporations are perhaps equalled by their disadvantages to government. The Royal Commission on Government Organization recommended a new plan for the re-organization of federal government departments; its intentions were to free departments from the apparatus of controls which restrict their efficiency, weaken their sense of responsibility, and inhibit effective manage-
ment methods.1 Were the recommendations of the Royal Com-
mission ever to be adopted, the arguments for establishing
crown corporations would be considerably weakened.

When a new crown corporation is established, the govern-
ment should take great care to define with precision the
degree of policy co-ordination and administrative control
which it chooses to exercise. It can be concluded that cor-
porate activities will be harmonized with the general direc-
tion of government policy only if the minister has specific-
ally defined statutory powers of review and direction. The
relationship between the competent minister and the crown
corporation is the key to ensuring that day-to-day management
decisions taken by the board re-inforce government policy and
thereby, conform to the 'public' character of public enter-
prise. Further, it is necessary to provide Parliament with
better opportunities to use its power constructively with
respect to crown corporations. The present situation does
not provide Parliament with mechanisms to obtain impartial
and objective information on those aspects of corporate
operations in which it is currently interested.

Finally, provision should be made for the liquidation,
merger, or sale of a corporation or its assets when it has
served its purpose as public enterprise; or when it can be
more effectively managed by merger with another corporation,

1. Report of the Royal Commission on Government Organization,
vol. 5, pp. 101 - 121.
or by transfer of its functions to a government department. There is no need to perpetuate a crown corporation when its public duties are met or better filled under another administrative form.

In summary, certain general principles emerge from this study of the crown corporation form of public enterprise:

- the crown corporation combining public controls with private legal status, should be regarded as a new species of public administration which requires special legal and administrative mechanisms to ensure satisfactory performance,

- ministerial control over crown corporations should be confined to matters of general policy and not extend to managerial detail, and the distinctions between policy and management should be clearly spelled out,

- corporate activities should, as far as possible, be open, to enable the government and the public to assess the proper extent of autonomy and the policy problems involved.

THE BRITISH COLUMBIA DEVELOPMENT CORPORATION

The British Columbia Development Corporation (BCDC) was established in 1973 by the Development Corporation of British Columbia Act as a crown corporation. It was the first agency constituted as a separate public enterprise to promote industrial development in British Columbia and has the statutory objective of "encouraging and assisting in the establishment, expansion, and continued operation of industrial enterprises in the Province" (Section 4).
A number of factors lent impetus to the establishment of BCDC. Most importantly, BCDC was organized in 1973 as a result of the election of the New Democratic Party (NDP) to form the provincial government. The NDP had for many years expressed ideological support for public participation in the industrial sector through a crown corporation and public ownership of selected commercial and industrial enterprise. BCDC was intended to act as the implementing arm for the government's policy to move the economy of British Columbia towards expansion of the secondary industrial sector in selected regions of the province. BCDC's industrial promotion options enable the corporation to offer incentives to industry which effect this objective. That is, managerial and technical assistance to new or existing industries; provision of industrial facilities - serviced land, buildings, and equipment - on a lease or sell basis; loans and loan guarantees for start-up or working capital requirements; and equity finance. Another consideration motivating the NDP to establish BCDC was that by 1972, every Canadian province with the exception of British Columbia, had a corporate industrial development agency. To maintain British Columbia's relative industrial position in Canada, it was considered necessary to offer services to industrialists similar to those available across Canada. Further impetus for the establishment of BCDC occurred at the federal level of government, in particular, the organization of the Department of Regional Economic Expansion (DREE). DREE's programme approach involved consider-
able amounts of federal monies to correct regional disparities in Canada; additionally, the Department's operational organization was that of a co-ordinating mechanism for federal government programmes and for joint federal-provincial programmes. For British Columbia, DREE was an opportunity to increase federal spending in the province. BCDC acting under direction of the government, could take advantage of this new source of federal support for industrial development.

The relationship between the provincial government and BCDC is defined by the Development Corporation of British Columbia Act. BCDC is endowed with a number of corporate characteristics which distinguish it from other forms of public enterprise. These characteristics are significant in that they indicate the level of autonomy and accountability under which BCDC must operate to actualize its mandate. Through incorporation BCDC has acquired:

- a unique name,
- a legal status separate from that of the government,
- a management structure separate from that of the government which entails administration by a board of directors and a president with responsibility for day-to-day operations,
- permanent capital assets separate from those of the government and authority to borrow for short and long-term operating purposes and power to retain earned revenues,
- the right to hire personnel and consultants on terms and conditions determined by BCDC outside the confines of civil service regulations.
However, it is clear that BCDC exercises these various privileges with limited corporate autonomy. Despite the form, government can organize public enterprise so as to exercise as much or as little centralized control as is considered necessary. In the case of BCDC, given the corporation's potential for influencing the industrial development of the province, a number of safeguards ensure that BCDC is accountable to government. The extent of ministerial and general executive supervision of BCDC is delineated by the Act. Provisions for ministerial supervision include:

- the right of the Minister of Economic Development to administer the Development Corporation of British Columbia Act, exercised through the practice of his/her appointment to the board of directors of BCDC,

- the right of the minister to obtain information on corporate affairs and accounts,

- the right of the minister to lay BCDC's annual report before the Legislature.

Provisions in the Act for supervision of BCDC by the Cabinet acting through the Lieutenant-Governor allow:

- the Lieutenant-Governor to appoint the board of directors and chairman and vice-chairman of the board,

- the Lieutenant-Governor to direct that the Companies Act or the Public Service Superannuation Act apply to BCDC,

- the Lieutenant-Governor to authorize government share purchase in BCDC, additional advances by the government, and the issue of corporate notes, debentures, etc. for borrowing purposes,
- the Lieutenant-Governor to give prior approval on BCDC's loans and investments exceeding $1 million; BCDC's purchase of shares in any company; terms for government guarantee of loans, debentures, etc; the retention of any balance of revenues; the investment of BCDC's reserves and surplus; the remuneration for officers and employees of BCDC; and the election of the president by the board,

- the Lieutenant-Governor to make any additional regulations and orders considered advisable and conforming with the general intent of the incorporating statute.

The Act also requires that BCDC submit an annual report on the financial condition of the corporation to the Legislature. The minister is directly responsible for corporate policies and objectives, yet this most important relationship is poorly defined in the Act. As a result, it has become practice for the minister to sit on BCDC's board of directors, which enables more direct supervision but blurs the bounds of ministerial authority which is meant to remain separate from the day-to-day management of the corporation. While the minister's role is poorly defined, the central administrative procedures of Cabinet are strong and well stated. BCDC's corporate flexibility with respect to financial matters is tightly constrained, indicating Cabinet's preoccupation with economic criteria to judge corporate accountability. Finally, BCDC's relationship with the Legislature appears almost incidental to corporate supervision. The submission of annual reports is standard practice but does not compensate the Legislature for its inability to obtain information on BCDC through questioning. As the annual report is required to focus on financial matters, the Legis-
lature is further denied information on the success or failure of BCDC to meet objectives other than corporate viability.

In addition to statutory provision, BCDC's operational autonomy may be sought through consideration of corporate activities in the context of provincial government policy. BCDC's role changed under the NDP and Social Credit (Socred) administrations and reflected to different degrees, the policy of the government of the day. Under the NDP between 1973 to 1975, the policy approach intended for BCDC was clearly articulated by the Minister of Economic Development, the Honourable Gary Lauk. Statements by the minister are very similar to the operational approach adopted by the board of directors as described in the first annual report of BCDC in 1975. Although Gary Lauk sat on BCDC's board, the president and executive committee were responsible for day-to-day management of the corporation, while Lauk acted as BCDC's 'public face'. This procedure is in keeping with the precedent set for crown corporations which ensures the minister is aware of activities, but whose ministerial powers are tempered by limitations to day-to-day intervention in board matters.

Under the Socred administration, the roles of the Minister of Economic Development, the Honourable Don Phillips, and BCDC's president, Don Duguid, were completely reversed. The Socreds appointed Phillips chairman of BCDC's board which automatically entails chairmanship of the executive committee. This effectively places the major responsibility for BCDC's day-to-day administration on the minister. Don Duguid on the other hand, became the spokesperson for BCDC,
esposing the government's intentions for corporate operations. There is little correspondence between BCDC's annual report in 1976 and Duguid's public statements, although the activities of BCDC reflect Duguid's statements. It can only be concluded that the Socred government was using BCDC's corporate form to shield their activities from the Legislature. This conclusion is reinforced by the fact that a $50 million development fund had been removed from Department of Agriculture administration and placed in the hands of BCDC, where it is far less subject to Legislative scrutiny.

Additionally, the move by the Socred government to place administration of Crown lands suitable for industrial purposes in BCDC's portfolio, strengthens the image that this government prefers to work through a corporate rather than a departmental structure. It must be remembered that with the Minister of Economic Development as chairman of BCDC's board and clearly articulated statutory provisions for Cabinet supervision, BCDC can only remain directly accountable to the government. However, the Legislature is at a disadvantage in the corporate arrangement which means that BCDC's accountability to the public is reduced.

Lip-service to the principle of corporate autonomy in BCDC is still widely given, but infrequently practiced, as the dividing line between general policy and day-to-day administration is almost impossible to draw. Continuous and intimate contact between the competent minister and BCDC
has made the assignment of responsibility for all lower-level decisions a matter of conjecture. It is now hardly an exaggeration to conclude that BCDC has become a kind of specialized ministerial agency, whose corporate status is little more than a convenient legal and administrative fiction.

RECOMMENDATIONS

In the introductory chapter, it was stated that recommendations would be made to suggest procedures which might increase the responsiveness of crown corporations to elected politicians and consequently, to the public. This was based on the assumption that the manner and extent of public control over crown corporations is the most important and delicate aspect of the whole problem of balancing corporate autonomy against the government supervision demanded by the character and purpose of public enterprise.

The recommendations that follow are based largely on an analysis of the British Columbia Development Corporation (BCDC). Chapter Two shows that in the Canadian context generally, crown corporations cannot be instituted successfully without attention to organizational and operational measures to ensure corporate accountability. Therefore, the recommendations may have a wider application.
1. No longer is there emphasis on the formal limitation of legislative powers over crown corporations, but neither has the Legislature been provided with a better opportunity to use its power constructively in the interests of checking and controlling corporations.  

It is recommended that the Legislature should institute a select committee on crown corporations to facilitate accountability to the Legislature. Such a committee would have the express purpose of guiding and informing the legislature about the operations of existing crown corporations and about appropriate general operating rules when new corporate legislation is introduced. Benefits from a regularized committee structure might include:

- the removal of legislative knowledge about specific corporations from the realm of the accidental,

- the provision of a two-way channel of communication by providing corporations with a forum, and the committee with an opportunity, for the transmission of legislative and public reaction to corporate activities,

1. It is significant that the Socred government in April, 1977 introduced legislation to establish a permanent Legislature committee on crown corporations. The committee would initially have jurisdiction over five of the major corporations - B.C. Hydro, B.C. Railway, B.C. Ferries, I.C.B.C., and the Housing Corporation of B.C. - with provision to allow Cabinet to add others. The Crown Corporations Reporting Act is designed to make crown corporations more accountable to the public. The committee will have a number of desirable features in that it is to be separated from the executive as Cabinet ministers will be excluded; it will have continuity as it is appointed for the life of the Legislature; and it will be able to hire staff and determine its own procedures. However, the committee will not have an opposition member as its chairperson nor will it be able to independently choose particular crown corporations for scrutiny.
- the recognition of the Legislature's legitimate interest as the representative of the taxpayers, who bear the ultimate risk of corporate operations,

- most importantly, the assurance that implementation of the corporate objectives as defined in the individual incorporating statute is being undertaken.

2. In all cases, the fiscal year of crown corporations coincides with the fiscal year of government departments which creates a peak-load problem for the Legislature's committee members at reporting time on March 31. It is recommended that the fiscal year of crown corporations be the calendar year to facilitate committee review of corporate annual reports.

3. The role of the competent minister is the principal factor determining the form public enterprise should take, thus it is necessary to ensure that the powers of a minister are commensurate with his/her accountability. Even where specific legislation exists, as in the case of BCDC, ministerial powers are not always clearly defined. It is recommended that administrative guidelines be established by statute, for BCDC, which clarify the duties and powers of the competent minister. One administrative guideline should state that the minister is responsible for corporate policy but has no role in the day-to-day management of the corporation.

4. To facilitate a working relationship between the competent minister and BCDC's board of directors that is open to public scrutiny, it is necessary to formalize the consultative process between the two. It is recommended that ministerial directives to BCDC's board of directors be made public.
5. BCDC, and most other crown corporations, currently utilize performance checks which are published in the annual report as operating statistics emphasizing the financial rate of return on capitalization and total profits earned by the corporation. As profitability is not a statutory objective of BCDC, it cannot be regarded as a valid test to measure corporate performance. It is recommended that performance criteria should be devised for BCDC which give a profile of the operations of the corporation. Four major considerations should be taken into account when devising performance criteria for BCDC:

- the criteria must reflect the statutory and major de facto objectives of BCDC, not specific programmes or services of the corporation,

- the criteria must reflect the provincial government's strategy for economic development (in general) and industrial development (specifically) as stated in government documents, public statements, and actions,

- the criteria must take into account the state of the economic and social environment in which BCDC finds itself, including: the existing provincial industrial structure; the available staff and financial resources of the corporation; and the relationship between the corporation and other development agencies,

- the criteria must take into account what data are available or can be developed on various aspects of corporate operations and the standard against which corporate performance will be judged (be it a fixed target, comparison to other development agencies, or previous performance by the corporation itself).

6. BCDC has a persuasive public mandate to affect provincial industrial development under the day-to-day direction of non-civil service personnel. It is recommended that BCDC
board members be required by statute, to disclose personal business interests.

The sphere of government responsibility has been vastly increased in recognition of the need for long-term planning and provision of certain activities of economic and social life which none but the government is prepared to undertake. In a growing number of cases, public or joint public-private enterprises will have to carry out these functions. It is hoped that these recommendations will assist in defining a suitable balance of managerial autonomy and political responsibility in the crown corporation form of public enterprise. No doubt, very much more would emerge from a well-prepared meeting of parliamentarians, civil servants, and corporate managers to consider the triangular relationship.
SELECTED BIBLIOGRAPHY

Ashley, C.A. and R.G.H. Smails

Balls, H.R.

Brewis, T.N.

British Columbia. Department of Economic Development
& 1975

British Columbia. Department of Finance
1976

British Columbia. Department of Industrial Development,

British Columbia. Legislative Assembly

British Columbia. Ministry of Economic Development


British Columbia. Statutes
British Columbia. Statutes


British Columbia Development Corporation
& 1976

1976 Speech to Kamloops Chartered Accounts Association, 1 December. Don Duguid, President.


1977 Land for Industry: For Sale or Lease by the British Columbia Development Corporation.


British Columbia New Democratic Party

Committee on Economics and Planning: Background Paper. (Undated)

Committee on Taxation, Finance and Secondary Industry: Background Paper. (Undated)

Cadbury, G.W.
Canada-British Columbia.
1977 Subsidiary Agreement Industrial Development. 1 July.

1977 Subsidiary Agreement Industrial Development: Background Notes. 1 July.

Canada. Department of Industry, Trade and Commerce


Canada. Department of Regional Economic Expansion
1976 Climate for Development Western Region: Manitoba, Saskatchewan, Alberta, and British Columbia. Ottawa: Queen's Printer.

1976 Climate for Regional Development. Ottawa: Queen's Printer.

Canada. Economic Council of Canada

Canada. Statutes
1951 Financial Administration Act. As Amended 1958, Part VIII.


Carey-Jones, N.S., et al

Coombes, David

Doern, G. Bruce

The Economist

Fawcett, M.J., ed.
130

The Financial Post
1974 British Columbia Takes A Crack At Free Enterprise. 9 February.

1976 Development Dynamics B.C. Has Centralized Control Over Land and Assistance. 23 October.

Foster, C.D.

Friedmann, W.

Garner, J.F.

Gertler, L.O.

Gould, Julius and William L. Kolb, eds.

Hanson, A.H.

Hodgetts, J.E.

McLean's

Mathias, Philip

McQuillan, P.E. and P.G. Donaldson
Milligan, Frank C. and H.R. Balls

Musolf, Lloyd D.


Organization for Economic Co-Operation and Development Canada.

Ricker, J. and J. Saywell
1971 How Are We Governed? Toronto: Clarke Irwin.

Robson, William A.

Royal Commission on Government Organization


Sutcliffe, R.B.

United Nations. Department of Economic and Social Affairs
1961 A Handbook of Public Administration: Current Concepts and Practice with Special Reference to Developing Countries. (ST/TAO/M/16).

United Nations. Technical Assistance Administration

The Vancouver Province
1973 Various Articles.
to
1977
The Vancouver Sun
1973 Various Articles.
to
1977

Widdicombe, Stacey H. Jr.

Willms, A.M. and W.D.K. Kernaghan
APPENDIX 1

FINANCIAL ADMINISTRATION ACT, 1951 PART VIII
CHAPTER F-10
An Act to provide for the financial administration of the Government of Canada, the audit of the public accounts and the financial control of Crown corporations

SHORT TITLE
1. This Act may be cited as the Financial Administration Act. R.S., c. 116, s. 1.

INTERPRETATION
2. In this Act

"appropriate Minister" means,
(a) with respect to a department mentioned in paragraph (a) of the definition "department", the Minister presiding over the department,
(b) with respect to any other department, the Minister designated by the Governor in Council as the appropriate Minister,
(c) with respect to the Senate and the House of Commons, the respective Speaker, and with respect to the Library of Parliament, the Speakers of the Senate and the House of Commons, and
(d) with respect to a corporation to which Part VIII applies, the Minister designated by the Governor in Council as the appropriate Minister;

"appropriation" means any authority of Parliament to pay money out of the Consolidated Revenue Fund;

"authorized agent" means any person authorized by the Minister to accept subscriptions for or make sales of securities;

"Consolidated Revenue Fund" means the aggregate of all public moneys that are on

3. Definitions

"appropriate Minister"
"Ministre compétent"

"appropriation"
"crédit"

"authorized agent"
"agent autorisé"

"Consolidated Revenue Fund"
"Fonds..."
deposit at the credit of the Receiver General;

"department" means
(a) any of the departments named in Schedule A,
(b) any other division or branch of the public service of Canada, including a commission appointed under the Inquiries Act, designated by the Governor in Council as a department for the purposes of this Act,
(c) the staffs of the Senate, the House of Commons and the Library of Parliament, and
(d) any corporation named in Schedule B;

"fiscal agent" means the Bank of Canada and a fiscal agent appointed under Part IV;

"fiscal year" means the period beginning on the 1st day of April in one year and ending on the 31st day of March in the next year;

"Minister" means the Minister of Finance;

"money" includes negotiable instruments;

"money paid to Canada for a special purpose" includes all money that is paid to a public officer under or pursuant to a statute, trust, treaty, undertaking, or contract, and is to be disbursed for a purpose specified in or pursuant to such statute, trust, treaty, undertaking or contract;

"negotiable instrument" includes any cheque, draft, traveller’s cheque, bill of exchange, postal note, money order, postal remittance and any other similar instrument;

"public money" means all money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money, and includes
(a) duties and revenues of Canada,
(b) money borrowed by Canada or received through the issue or sale of securities,
(c) money received or collected for or on behalf of Canada, and
(d) money paid to Canada for a special purpose;

"public officer" includes a Minister and any person employed in the public service of Canada;

"public property" means all property, other Canada or reçues par suite de l’émission ou de la vente de titres,

"department" ou «ministère» signifie
(a) l’un quelconque des ministères ou départements mentionnés dans l’annexe A,
b) toute autre division ou section de la fonction publique du Canada (y compris une commission nommée selon la Loi sur les enquêtes), que le gouverneur en conseil désigne comme ministère ou département aux fins de la présente loi,
c) les personnels du Sénat, de la Chambre des communes et de la bibliothèque du Parlement, et
d) toute corporation mentionnée dans l’annexe B;

"Ministre» désigne le ministre des Finances;

"ministre compétent» signifie,
(a) à l’égard d’un ministère mentionné à l’alinéa a) de la définition de «ministère», le ministre qui préside au département,
b) à l’égard de tout autre ministère, le ministre que le gouverneur en conseil désigne comme ministre compétent,
c) à l’égard du Sénat et de la Chambre des communes, le Président et l’Orateur, respectivement, et, en ce qui concerne la bibliothèque du Parlement, le Président du Sénat et l’Orateur de la Chambre des communes, et,
d) à l’égard d’une corporation visée par la Partie VIII, le ministre que le gouverneur en conseil désigne comme ministre compétent;

"registraire» signifie la Banque du Canada et un registraire nommé selon la Partie IV;

"somme d’argent» comprend les effets de commerce.
than money, belonging to Her Majesty in right of Canada;
"registrar" means the Bank of Canada and a registrar appointed under Part IV;
"securities" means securities of Canada and includes bonds, notes, deposit certificates, non-interest bearing certificates, debentures, treasury bills, treasury notes and any other security representing part of the public debt of Canada. R.S., c. 116, s. 2; 1968-69, c. 27, ss. 1, 19.

PART I

PARTIE I

ORGANIZATION

TREASURY BOARD

3. (1) There shall be a committee of the Queen's Privy Council for Canada called the Treasury Board over which the President of the Treasury Board appointed by Commission under the Great Seal shall preside.

(2) The committee constituting the Treasury Board shall, in addition to the President of the Treasury Board, consist of the Minister and four other members of the Queen's Privy Council for Canada who may be nominated from time to time by the Governor in Council.

(3) The Governor in Council may nominate such additional members of the Queen's Privy Council for Canada as he sees fit to be alternates to serve in the place of members of the Treasury Board.

(4) Subject to this Act and any directions of the Governor in Council, the Treasury Board may determine its own rules and procedures. 1966-67, c. 25, s. 32.

4. (1) The President of the Treasury Board holds office during pleasure and shall preside over meetings of the Board and shall in the intervals between meetings of the Board exercise or perform such of the powers, duties or functions of the Board as the Board may, with the approval of the Governor in Council, determine.

PARTIE I

ORGANISATION

CONSEIL DU TRÉSOR

3. (1) Est établi un comité du Conseil privé de la Reine pour le Canada appelé le conseil du Trésor auquel prÃ©side le président du conseil du Trésor, nommé par commission sous le grand sceau.

(2) Le comité qui forme le conseil du Trésor se compose, en plus du président du conseil du Trésor, du Ministre et de quatre autres membres du Conseil privé de la Reine pour le Canada, que le gouverneur en conseil peut nommer à l'occasion.

(3) Le gouverneur en conseil peut nommer, à titre de substituts de membres du conseil du Trésor, d'autres membres du Conseil privé de la Reine pour le Canada selon qu'il juge à propos.

(4) Sous réserve des dispositions de la présente loi et des instructions du gouverneur en conseil, le conseil du Trésor peut établir les règles et la procédure qui le régissent. 1966-67, c. 25, art. 32.

4. (1) Le président du conseil du Trésor occupe sa charge à titre amovible et préside les séances du conseil; entre les séances du conseil, il exerce ou accomplit tous les pouvoirs, devoirs ou fonctions du conseil que le conseil peut fixer, avec l'approbation du gouverneur en conseil.
(2) The Governor in Council may appoint an officer called the Secretary of the Treasury Board to hold office during pleasure and to perform such duties and functions as may be assigned to him by the Treasury Board, and the Secretary of the Treasury Board shall rank as and have all the powers of a deputy head of a department.

(3) Such other officers and employees as are necessary for the proper conduct of the business of the Treasury Board shall be appointed in the manner authorized by law. 1966-67, c. 25, s. 32.

5. (1) The Treasury Board may act for the Queen's Privy Council for Canada on all matters relating to
(a) general administrative policy in the public service of Canada;
(b) the organization of the public service or any portion thereof, and the determination and control of establishments therein;
(c) financial management, including estimates, expenditures, financial commitments, accounts, fees or charges for the provision of services or the use of facilities, rentals, licences, leases, revenues from the disposition of property, and procedures by which departments manage, record and account for revenues received or receivable from any source whatever;
(d) the review of annual and longer term expenditure plans and programs of the various departments of Government, and the determination of priorities with respect thereto;
(e) personnel management in the public service, including the determination of terms and conditions of employment of persons employed therein; and
(f) such other matters as may be referred to it by the Governor in Council.

(2) The Treasury Board is authorized to exercise the powers, other than powers of appointment, of the Governor in Council under
(a) the Public Service Superannuation Act;
(b) the Canadian Forces Superannuation Act;
(c) the Defence Services Pension Continuation Act;
(d) Parts I and II of the Royal Canadian Mounted Police Superannuation Act;
(e) the Royal Canadian Mounted Police Pension Continuation Act; and
(f) such of the provisions of any other Act respecting any matter in relation to which the Treasury Board may act for the Queen's Privy Council for Canada pursuant to subsection (1) as may be specified by the Governor in Council.

(3) The Governor in Council may, by order, authorize the Treasury Board to exercise all or any of the powers of the Governor in Council under section 34, subsection 70(2) and section 73.

(4) The Treasury Board may prescribe from time to time the manner and form in which the accounts of Canada and the accounts of the several departments shall be kept, and may direct any person receiving, managing or disbursing public money to keep any books, records or accounts that the Board considers necessary.

(5) The Treasury Board in the exercise of its powers under this or any other statute is subject to any direction given to it by the Governor in Council, and the Governor in Council may by order amend or revoke any action of the Board.

(6) The Treasury Board may require from any public officer or any agent of Her Majesty any account, return, statement, document, report or information that the Board considers necessary for the due performance of its duties. R.S., c. 116, ss. 5, 6; 1966-67, c. 74, ss. 1, 2; 1968-69, c. 27, s. 2.

6. Subject to any other Act, the Treasury Board may make regulations
(a) for the purpose of ensuring effective coordination of administrative functions and services among and within departments;
(b) for the establishment of general administrative standards of performance and

6. Sous réserve de toute autre loi, le conseil du Trésor peut établir des réglements
(a) assurant la bonne coordination des fonctions et services administratifs, tant à l'intérieur des ministères et départements qu'entre eux;
(b) établissant des normes administratives générales de rendement et concernant
respecting the assessment of the performance of portions of the public service of Canada in the light of such standards;
(c) respecting the collection, management and administration of, and the accounting for, public money;
(d) respecting the keeping of records of public property;
(e) for the purposes set forth in subsections 11(3) and (4), section 14, subsections 26(2), 29(2) and 31(1), sections 35 and 53, and subsections 54(1), 70(3) and 98(2); and
(f) for any other purpose necessary for the efficient administration of the public service. 1966-67, c. 74, s. 2; 1968-69, c. 27, s. 3.

7. (1) Subject to the provisions of any enactment respecting the powers and functions of a separate employer but notwithstanding any other provision contained in any enactment, the Treasury Board may, in the exercise of its responsibilities in relation to personnel management including its responsibilities in relation to employer and employee relations in the public service, and without limiting the generality of sections 5 and 6,
(a) determine the manpower requirements of the public service and provide for the allocation and effective utilization of manpower resources within the public service;
(b) determine requirements for the training and development of personnel in the public service and fix the terms on which such training and development may be carried out;
(c) provide for the classification of positions and employees in the public service;
(d) determine and regulate the pay to which persons employed in the public service are entitled for services rendered, the hours of work and leave of such persons and any matters related thereto;
(e) provide for the awards that may be made to persons employed in the public service for outstanding performance of their duties, for other meritorious achievement in relation to those duties and for inventions or practical suggestions for improvements;
(f) establish standards of discipline in the public service and prescribe the financial and other penalties, including suspension and discharge, that may be applied for breaches of discipline or misconduct, and the circumstances and manner in which and l’évaluation du rendement de certains éléments de la fonction publique du Canada en raison de ces normes;
c) concernant la perception, la gestion, l'administration et la comptabilité des deniers publics;
d) concernant la tenue de registres des biens publics;
e) aux fins indiquées aux paragraphes 11(3) et (4), à l’article 14, aux paragraphes 26(2), 29(2) et 31(1), aux articles 35 et 53, et aux paragraphes 54(1), 70(3) et 98(2); et
f) à toute autre fin nécessaire à la bonne administration de la fonction publique. 1966-67, c. 74, art. 2; 1968-69, c. 27, art. 3.

7. (1) Sous réserve des dispositions de tout texte législatif concernant les pouvoirs et fonctions d’un employeur distinct, mais nonobstant quelque autre disposition contenue dans tout texte législatif, le conseil du Trésor peut, dans l’exercice de ses fonctions relatives à la direction du personnel de la fonction publique, notamment ses fonctions en matière de relations entre employeur et employés dans la fonction publique, et sans limiter la généralité des articles 5 et 6,

a) déterminer les effectifs nécessaires à la fonction publique et assurer la répartition et la bonne utilisation des effectifs au sein de la fonction publique;

b) déterminer les besoins quant à la formation et au perfectionnement du personnel dans la fonction publique et fixer les conditions auxquelles cette formation et ce perfectionnement peuvent être assurés;
c) prévoir la classification des postes et des employés au sein de la fonction publique;

d) déterminer et réglementer les traitements auxquels ont droit les personnes employées dans la fonction publique en retour des services rendus, la durée du travail et les congés de ces personnes ainsi que les questions connexes;

e) prévoir les récompenses qui peuvent être accordées aux personnes employées dans la fonction publique pour leurs services exceptionnels, pour d’autres réalisations méritoires en rapport avec leurs fonctions et pour des inventions ou propositions pratiques d’améliorations;

f) établir des normes de discipline dans la fonction publique et prescrire les sanctions pénales et autres, y compris la suspen-
the authority by which or whom those penalties may be applied or may be varied or rescinded in whole or in part;

(g) establish and provide for the application of standards governing physical working conditions of, and for the health and safety of, persons employed in the public service;

(h) determine and regulate the payments that may be made to persons employed in the public service by way of reimbursement for travelling or other expenses and by way of allowances in respect of expenses and conditions arising out of their employment; and

(i) provide for such other matters, including terms and conditions of employment not otherwise specifically provided for in this subsection, as the Treasury Board considers necessary for effective personnel management in the public service.

(2) The Treasury Board may authorize the deputy head of a department or the chief executive officer of any portion of the public service to exercise and perform, in such manner and subject to such terms and conditions as the Treasury Board directs, any of the powers and functions of the Treasury Board in relation to personnel management in the public service and may, from time to time as it sees fit, revise or rescind and reinstate the authority so granted.

(3) The Governor in Council may, in respect of any portion of the public service that is a separate employer, authorize the responsible Minister of the Crown, his deputy or the chief executive officer thereof to exercise and perform, in such manner and subject to such terms and conditions as the Governor in Council directs, any of the powers and functions of the Governor in Council or the Treasury Board in relation to personnel management in that portion of the public service and may, from time to time as he sees fit, revise or rescind and reinstate the authority so granted.

(4) Any person authorized pursuant to subsection (2) or (3) to exercise and perform
any of the powers and functions of the Governor in Council or the Treasury Board may, subject to and in accordance with the authorization given to him, authorize one or more persons under his jurisdiction to exercise or perform any such power or function.

(5) Where in any enactment there is a reference to the Civil Service Act or to any other Act in relation to any matter that may be determined, fixed, provided for, regulated or established under subsection (1), the reference shall, except with respect to any transaction, matter or thing anterior to the 23rd day of June 1967, be construed as a reference to this Act.

(6) The powers and functions of the Treasury Board in relation to any of the matters specified in subsection (1) do not extend to any such matter that is expressly determined, fixed, provided for, regulated or established by any Act otherwise than by the conferring of powers or functions in relation thereto on any authority or person specified in such Act, and do not include or extend to any power or function specifically conferred on, or any process of personnel selection required or authorized to be employed by, the Public Service Commission by or under the authority of the Public Service Employment Act.

(7) Nothing in this or any other Act shall be construed to limit or affect the right or power of the Governor in Council, in the interest of the safety or security of Canada or any state allied or associated with Canada, to suspend any person employed in the public service or, after an inquiry conducted in accordance with regulations of the Governor in Council by a person appointed by the Governor in Council at which the person concerned has been given an opportunity of being heard, to dismiss any such person.

(8) For the purpose of subsection (7), any order made by the Governor in Council is conclusive proof of the matters stated therein in relation to the suspension or dismissal of any person in the interest of the safety or security of Canada or any state allied or associated with Canada.
Part II

Financial Administration

Chap. F-10

Definitions

"enactment"  
"enactment" includes a regulation, order or other instrument made under the authority of an Act;

"public service"  
"public service" has the meaning given the expression "Public Service" in the Public Service Staff Relations Act, and includes any portion of the public service of Canada designated by the Governor in Council as part of the public service for the purposes of this section;

"separate employer"  
"separate employer" means a separate employer within the meaning of the Public Service Staff Relations Act.

(9) In this section

(9) Dans le présent article

"enactment" désigne un règlement, un décret ou autre instrument établi en vertu d'une loi.

"public service" a le sens que la Loi sur les relations de travail confère à l'expression «fonction publique»;

"separate employer" designe un employeur distinct, au sens où l'entend la Loi sur les relations de travail dans la Fonction publique.

Department of Finance

8. There shall be a department of the Government of Canada called the Department of Finance over which the Minister of Finance appointed by commission under the Great Seal shall preside. R.S., c. 116, s. 8; 1968-69, c. 27, s. 19.

Ministère des Finances

8. Est établi un département du gouvernement du Canada, sous le nom de ministère des Finances, auquel préside le ministre des Finances alors nommé par commission sous le grand sceau. S.R., c. 116, art. 8; 1968-69, c. 27, art. 19.

Management

9. The Minister has the management and direction of the Department of Finance, the management of the Consolidated Revenue Fund and the supervision, control and direction of all matters relating to the financial affairs of Canada not by law assigned to the Treasury Board or to any other Minister. 1966-67, c. 74, s. 4.

Direction

9. Le Ministre a la conduite et la direction du ministère des Finances, la gestion du Fonds du revenu consolidé et la surveillance, le contrôle et la direction de toutes matières relatives aux affaires financières du Canada que la loi n'assigne pas au conseil du Trésor ou à quelque autre ministre. 1966-67, c. 74, art. 4.

Deputy Minister

10. The Governor in Council may appoint an officer, called the Deputy Minister of Finance, to be the deputy head of the Department of Finance and to hold office during pleasure. R.S., c. 116, s. 10; 1968-69, c. 27, ss. 4, 19.

Sous-ministre

10. Le gouverneur en conseil peut nommer un fonctionnaire, appelé sous-ministre des Finances, qui est sous-chef du ministère des Finances et occupe son poste à titre amovible. S.R., c. 116, art. 10; 1968-69, c. 27, art. 4, 19.

PART II

PUBLIC MONEY

Public money

11. (1) Subject to this Part, all public money shall be deposited to the credit of the Receiver General.

(2) The Receiver General shall establish, in the name of the Receiver General, accounts for the deposit of public money with such banks and fiscal agents as are designated by the Minister.

(3) Every person who collects or receives public money, shall keep a record of the same and shall comply with such regulations as the Minister may from time to time prescribe.

Deniers publics

11. (1) Sous réserve de la présente Partie, tous les deniers publics doivent être déposés au crédit du receveur général.

(2) Le receveur général doit, pour le dépôt des deniers publics, établir au nom du receveur général des comptes auprès des banques et des agents financiers que désigne le Ministre.

(3) Quiconque perçoit ou reçoit des deniers publics doit en faire un relevé.
Duty of persons collecting public money

(4) Every person employed in the collection or management or charged with the receipt of public money and every other person who collects or receives public money shall pay all such public money to the credit of the Receiver General in such manner as the Treasury Board may prescribe by regulation.

Minister may acquire securities

12. (1) The Minister may, when he deems it advisable for the sound and efficient management of public money or the public debt, purchase, acquire and hold securities and pay therefor out of the Consolidated Revenue Fund.

(2) The Minister may sell any securities purchased, acquired or held pursuant to subsection (1), and the proceeds of the sales shall be deposited to the credit of the Receiver General.

(3) Any net profit resulting in any fiscal year from the purchase, holding or sale of securities pursuant to this section shall be credited to the revenues of that fiscal year, and any net loss resulting in any fiscal year from such purchase, holding or sale shall be charged to an appropriation provided by Parliament for the purpose.

(4) For the purposes of subsection (3), the net profit or loss in any fiscal year shall be determined by taking into account realized profits and losses on securities sold, the amortization applicable to the fiscal year of premiums and discounts on securities, and interest applicable to the fiscal year.

(5) In this section "securities" means securities of or guaranteed by Canada and includes any other securities described in the definition "securities" in section 2. R.S., c. 116, s. 17; 1960-61, c. 48, s. 1.

Sale of securities

Profit and loss

How profit and loss determined

"Securities"

Charges for services or use of facilities

13. Where a service or the use of a facility is provided by Her Majesty to any person and the Governor in Council is of opinion that the whole or part of the cost of providing public money shall keep a record of receipts and deposits thereof in such form and manner as the Treasury Board may prescribe by regulation.

(4) Quiconque est employé à la perception ou à la gestion de deniers publics ou est chargé de leur réception, comme toute autre personne qui perçoit ou reçoit des deniers publics, doit verser tous ces deniers publics au crédit du receveur général, de la manière que le conseil du Trésor peut prescrire par règlement. S.R., c. 116, art. 16; 1968-69, c. 27, art. 5.

12. (1) Le Ministre peut, lorsqu'il le juge opportun pour la gestion saine et efficace des deniers publics ou de la dette publique, acheter, acquérir et détenir des valeurs et les payer à même le Fonds du revenu consolidé.

(2) Le Ministre peut vendre toutes valeurs achetées, acquises, ou détenues aux termes du paragraphe (1), et le produit des ventes doit être déposé au crédit du receveur général.

(3) Tout profit net résultant, au cours d'une année financière, de l'achat, de la détention ou de la vente de valeurs selon le présent article doit être crédité aux revenus de ladite année financière, et toute perte nette résultant, au cours d'une année financière, de cet achat, de cette détention ou de cette vente doit être imputée sur un crédit voté par le Parlement à cet égard.

(4) Aux fins du paragraphe (3), le profit net ou la perte nette, en une année financière, est déterminée en tenant compte des profits réalisés et des pertes subies sur les valeurs vendues, de l'amortissement applicable à l'année financière concernant les primes et escomptes sur valeurs et de l'intérêt applicable à l'année financière.

(5) Au présent article, l'expression "valeurs" désigne des titres émis ou garantis par le Canada et comprend toutes autres valeurs mentionnées dans la définition de "valeurs" ou "titres" à l'article 2. S.R., c. 116, art. 17; 1960-61, c. 48, art. 1.

13. Lorsque Sa Majesté fournit un service ou procure l'utilisation d'une installation à une personne et que le gouverneur en conseil estime que la totalité ou une partie du coût
the service or the use of the facility should be borne by the person to whom it is provided, the Governor in Council, on the recommendation of the Treasury Board, may

(a) subject to the provisions of any Act relating to that service or the use of that facility, by regulation prescribe the fee or charge to be paid by the person to whom the service or the use of the facility is provided, or

(b) notwithstanding the provisions of any Act relating to that service or the use of that facility but subject to and in accordance with such terms and conditions as may be specified by the Governor in Council, authorize the appropriate Minister to prescribe the fee or charge to be paid by the person to whom the service or the use of the facility is provided. 1968-69, c. 27, s. 6.

14. (1) Where money is received by a public officer from any person as a deposit to ensure the doing of any act or thing, the public officer shall hold or dispose of the money in accordance with regulations of the Treasury Board.

(2) Where money is paid by any person to a public officer for any purpose that is not fulfilled, the money may, in accordance with regulations of the Treasury Board, be returned or repaid to that person, less such sum as in the opinion of the Board is properly attributable to any service rendered.

(3) Money paid to the credit of the Receiver General and not being public money may be returned or repaid in accordance with regulations of the Treasury Board. R.S., c. 116, s. 19.

15. (1) Money received by or on behalf of Her Majesty for a special purpose and paid into the Consolidated Revenue Fund may be paid out of the Consolidated Revenue Fund for that purpose, subject to any statute applicable thereto.

(2) Subject to any other Act, interest may be allowed and paid from the Consolidated Revenue Fund in respect of money to which subsection (1) applies, in accordance with and de fourniture du service ou de l'utilisation de l'installation devrait être supportée par celui qui en est destinataire, le gouverneur en conseil, sur la recommandation du conseil du Trésor, peut,

a) sous réserve des dispositions de toute loi concernant ce service ou l'utilisation de cette installation, prescrire par règlement le droit ou les frais devant être payés par la personne à laquelle est fourni le service ou procurée l'utilisation de l'installation, ou,

b) nonobstant les dispositions de toute loi concernant ce service ou l'utilisation de cette installation, mais sous réserve et en conformité des modalités que peut spécifier le gouverneur en conseil, autoriser le Ministre compétent à prescrire le droit ou les frais devant être payés par la personne à laquelle est fourni le service ou procurée l'utilisation de l'installation. 1968-69, c. 27, art. 6.

14. (1) Lorsqu’un fonctionnaire public reçoit une somme d’argent d’une personne quelconque à titre de dépôt pour assurer l’accomplissement d’un acte ou chose, le fonctionnaire public doit détenir la somme, ou en disposer, d’après les règlements du conseil du Trésor.

(2) Lorsqu’une personne verse à un fonctionnaire public une somme d’argent pour quelque objet non réalisé, la somme peut, conformément aux règlements du conseil du Trésor, être retournée ou remboursée à cette personne, moins telle somme qui, de l’avis du conseil, est régulièrement attribuable à un service rendu.


15. (1) Une somme d’argent reçue par Sa Majesté, ou en son nom, pour une fin spéciale et versée au Fonds du revenu consolidé peut être payée, sur le Fonds du revenu consolidé, à cette fin, sous réserve de toute loi y applicable.

(2) Sous réserve de toute autre loi, un intérêt peut être accordé et versé, sur le Fonds du revenu consolidé, à l’égard d’une somme d’argent visée par le paragraphe (1), d’après...
Money paid in respect of proceedings in Parliament

16. Where the Senate or House of Commons, by resolution or pursuant to any rule or standing order, authorizes a refund of public money that was received in respect of any proceedings before Parliament, the Receiver General may pay the refund out of the Consolidated Revenue Fund. R.S., c. 116, s. 21; 1968-69, c. 27, s. 19.

Remission of taxes and penalties

17. (1) The Governor in Council, on the recommendation of the Treasury Board, whenever he considers it in the public interest, may remit any tax, fee or penalty.

(2) A remission pursuant to this section may be total or partial, conditional or unconditional, and may be granted

(a) before, after or pending any suit or proceeding for the recovery of the tax, fee or penalty in respect of which it is granted;
(b) before or after any payment thereof has been made or enforced by process or execution; and
(c) in the case of a tax or fee, in any particular case, or class of case and before the liability therefor arises.

Form of remission

(3) A remission pursuant to this section may be granted

(a) by forbearing to institute a suit or proceeding for the recovery of the tax, fee or penalty in respect of which the remission is granted;
(b) by delaying, staying or discontinuing any suit or proceeding already instituted;
(c) by forbearing to enforce, staying or abandoning any execution or process upon any judgment;
(d) by the entry of satisfaction upon any judgment; or
(e) by repaying any sum of money paid to or recovered by the Receiver General for the tax, fee or penalty.

Conditional remission

(4) Where a remission is granted under this section subject to a condition, and the
(5) A conditional remission, upon performance of the condition, and an unconditional remission, have effect as if the remission was made after the tax, fee or penalty in respect of which it was granted had been sued for and recovered.

(6) No tax paid to Her Majesty on any goods shall be remitted by reason only that after the payment of the tax and after release from the control of customs or excise officers, the goods were lost or destroyed.

(7) Remissions granted under this or any other Act may be paid out of the Consolidated Revenue Fund.

(8) A statement of each remission of one thousand dollars or more granted under this section shall be reported to the House of Commons in the Public Accounts.

(9) Where a penalty imposed by any law relating to the revenue has been wholly and unconditionally remitted pursuant to this section, the remission has the effect of a pardon for the offence for which the penalty was incurred, and thereafter the offence has no legal effect prejudicial to the person to whom the remission was granted.

(10) In this section “tax” includes any tax, impost, duty or toll payable to Her Majesty, imposed or authorized to be imposed by any Act of Parliament, and “penalty” includes any forfeiture or pecuniary penalty imposed or authorized to be imposed by any Act of Parliament for any contravention of the laws relating to the collection of the revenue, or to the management of any public work producing toll or revenue, notwithstanding that part of such forfeiture or penalty is payable to the informer or prosecutor, or to any other person.

R.S., c. 116, s. 22; 1968-69, c. 27, s. 19.

18. (1) The Governor in Council, on the recommendation of Treasury Board, may make regulations authorizing deletion from the accounts, in whole or in part, of any obligation or debt due to Her Majesty or any
claim by Her Majesty that does not exceed five thousand dollars.

(2) The obligations, debts and claims deleted from the accounts under this section during any fiscal year shall be reported in the Public Accounts for that year. 1958, c. 31, s. 1; 1960-61, c. 48, s. 2; 1968-69, c. 27, s. 7.

**PART III**

**PUBLIC DISBURSEMENTS**


20. All estimates of expenditures submitted to Parliament shall be for the services coming in course of payment during the fiscal year. R.S., c. 116, s. 25.

21. Where an appropriation is made for any purpose in any Act of Parliament for granting to Her Majesty any sum of money to defray expenses of the public service of Canada for a fiscal year, no payment shall be made pursuant to that appropriation out of the Consolidated Revenue Fund unless a warrant, prepared on the order of the Governor in Council, has been signed by the Governor General authorizing expenditures to be charged against the appropriation, but no payments in excess of the amount of expenditures so authorized shall be made. R.S., c. 116, s. 26.

22. Where a guarantee has been given under the authority of Parliament by or on behalf of Her Majesty for the payment of any debt or obligation, any amount required to be paid by the terms of the guarantee may, subject to the Act authorizing the guarantee, be paid out of the Consolidated Revenue Fund. R.S., c. 116, s. 27.

23. (1) Where a payment is urgently required for the public good when Parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, upon the report of the President of the Treasury Board that there is no appropriation for the
payment and the report of the appropriate Minister that the payment is urgently required for the public good, may by order direct the preparation of a special warrant to be signed by the Governor General authorizing the payment to be made out of the Consolidated Revenue Fund.

Special warrant

(2) A special warrant issued pursuant to this section shall for the purposes of this Act be deemed to be an appropriation for the fiscal year in which the warrant is issued.

Publication and report

(3) Every warrant issued under this section shall be published in the Canada Gazette within thirty days after it is issued, and a statement showing all warrants issued under this section and the amounts thereof shall be laid by the President of the Treasury Board before the House of Commons within fifteen days after the commencement of the next ensuing session of Parliament.

Subsequent appropriation

(4) Where a special warrant has been issued pursuant to this section, the amounts appropriated thereby shall be deemed to be included in and not to be in addition to the amounts appropriated by the Act of Parliament enacted next thereafter for granting to Her Majesty sums of money to defray expenses of the public service of Canada for a fiscal year.

When Parliament deemed not in session

(5) For the purposes of this section, Parliament shall be deemed to be not in session when it is under adjournment sine die or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant. R.S., c. 116, s. 28; 1958, c. 31, s. 2; 1966-67, c. 74, s. 6.

Appropriation allotments

24. (1) At the commencement of each fiscal year or at such other times as the Treasury Board may direct, the deputy head or other person charged with the administration of a service for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons shall, unless otherwise directed by the Board, prepare a division of such appropriation or item into allotments in the form detailed in the estimates submitted to Parliament for such appropriation or item, or in such other form as the Board may prescribe.

24. (1) Au commencement de chaque année financière ou aux autres époques que le conseil du Trésor peut prescrire, le sous-chef ou quiconque est chargé à un autre titre de l'administration d'un service pour lequel il existe un crédit parlementaire ou pour lequel un poste est inclus dans le budget des dépenses dont la Chambre des communes est alors saisie doit, à moins que le conseil n'en ordonne autrement, préparer une division de ce crédit ou poste en affectations selon la forme détaillée dans le budget des dépenses présenté au Parlement pour ce crédit ou poste, ou sous
Submission of divisions to Treasury Board

(2) A division required to be prepared pursuant to subsection (1) shall be submitted to the Treasury Board by the deputy head or other person charged with the administration of the service to which it relates.

Allotments not to be varied without approval

(3) Where a division required to be submitted to the Treasury Board pursuant to subsection (2) is approved by the Board, the allotments shall not be varied or amended without the approval of that Board.

Departmental control of allotments

(4) The deputy head or other person charged with the administration of a service for which a division is required to be prepared pursuant to subsection (1) shall ensure by an adequate system of internal control and audit that the allotments provided in such division are not exceeded. 1968-69, c. 27, s. 8.

No agreement unless deputy head issues certificate

25. (1) No contract or other arrangement providing for the payment of money by Her Majesty shall be entered into or have any force or effect unless the deputy head or other person charged with the administration of a service for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons to which such payment will be charged certifies that there is a sufficient unencumbered balance available out of such appropriation or item to discharge any commitments under such contract or other arrangement that would, under the provisions thereof, come in course of payment during the fiscal year in which the contract or other arrangement was entered into.

(2) The deputy head or other person charged with the administration of a service for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons shall establish and maintain or cause to be established and maintained on his behalf a record of commitments chargeable to each such appropriation or item in such form as the Treasury Board may prescribe.

Record of commitments

(3) Where the deputy head or other person charged with the administration of a service is satisfied that a contract or other arrangement in respect of which he would otherwise have to be varied or amended pursuant to subsection (2) is approved by the Board, the allotments shall not be varied or amended without the approval of that Board.

Where immediate expenditure required

(4) The deputy head or other person charged with the administration of a service for which a division is required to be prepared pursuant to subsection (1) shall ensure by an adequate system of internal control and audit that the allotments provided in such division are not exceeded. 1968-69, c. 27, s. 8.

25. (1) Nul contrat ou autre arrangement stipulant le paiement d'une somme d'argent par Sa Majesté ne doit être conclu ni avoir vigueur ou effet à moins que le sous-chef ou quiconque est chargé à un autre titre de l'administration d'un service pour lequel il existe un crédit parlementaire ou pour lequel un poste est inclus dans le budget des dépenses dont la Chambre des communes est alors saisie sur lesquelles ce paiement sera imputé, ne certifie qu'il existe sur ce crédit ou poste un solde disponible non grevé suffisant pour l'exécution de tous engagements découlant de ce contrat ou autre arrangement qui, en vertu des stipulations de ces derniers, viendraient à échéance pendant l'année financière où le contrat ou autre arrangement a été conclu.

(2) Le sous-chef ou quiconque est chargé à un autre titre de l'administration d'un service pour lequel il existe un crédit parlementaire ou pour lequel un poste est inclus dans le budget des dépenses dont la Chambre des communes est alors saisie doit établir et tenir ou faire établir et tenir en son nom un registre des engagements imputables sur chaque crédit ou poste de cette nature, en la forme que le conseil du Trésor peut prescrire.

(3) Lorsque le sous-chef ou quiconque est chargé à un autre titre de l'administration d'un service est convaincu qu'un contrat ou autre arrangement pour lesquels il aurait été
have been required to issue a certificate under subsection (1) was entered into in order to defray an immediate expenditure that, through accident to public property or other emergency, was necessary to protect such property or to provide for such emergency, he may issue his certificate accordingly and thereupon the contract or other arrangement is exempt from the operation of subsection (1) from the time the contract or other arrangement was entered into.

(4) A copy of each certificate issued under subsection (3) shall be provided to the Treasury Board forthwith after the issue thereof.

(5) Where Parliament is not in session and appropriations set forth in estimates for the current fiscal year that were tabled in the House of Commons have not been granted in full, any contract or other arrangement providing for the payment of money by Her Majesty may be entered into if any commitments thereunder that would come in course of payment during the year do not exceed the unencumbered balance of the item in such estimates to which payments under the contract or other arrangement would be charged; and any contract or other arrangement entered into under this subsection is exempt from the operation of subsection (1). 1968-69, c. 27, s. 8.

26. (1) No charge shall be made against an appropriation except upon the requisition of the appropriate Minister of the department for which the appropriation was made, or by a person authorized by him in writing.

(2) Every requisition for a payment out of the Consolidated Revenue Fund shall be in such form, accompanied by such documents and certified in such manner as the Treasury Board may prescribe by regulation.

(3) No requisition shall be made pursuant to subsection (1) for a payment that

(a) would not be a lawful charge against the appropriation;

(b) would result in an expenditure in excess of the appropriation; or

(c) would reduce the balance available in the appropriation so that it would not be sufficient to meet the commitments charged

autrement requis d’émeter un certificat en vertu du paragraphe (1) a été conclu en vue de couvrir une dépense immédiate qui, par suite d’un dommage imprévu à des biens publics ou en raison d’une autre circonstance critique, était nécessaire pour protéger ces biens ou pourvoir à cette circonstance critique, il peut émettre son certificat en conséquence. Dès lors le contrat ou autre arrangement est exempt des l’application du paragraphe (1) à compter de sa conclusion.

(4) Une copie de chaque certificat émis en vertu du paragraphe (3) doit être fournie au conseil du Trésor immédiatement après l’émission du certificat.

(5) Lorsque le Parlement n’est pas en session et que les crédits indiqués dans le budget des dépenses pour l’année financière courante qui a été présenté à la Chambre des communes n’ont pas été accordés dans leur intégralité, tout contrat ou autre arrangement prévoyant le paiement de deniers par Sa Majesté peut être conclu si tous engagements en découlant qui viendraient à échéance au cours de l’année ne dépassent pas le solde non grevé du poste de ce budget sur lequel les paiements en vertu du contrat ou autre arrangement seraient imputés; et tout contrat ou autre arrangement conclu en vertu du présent paragraphe est exempt de l’application du paragraphe (1). 1968-69, c. 27, art. 8.

26. (1) Une imputation ne doit être faite sur un crédit qu’à la réquisition du ministre compétent du département pour lequel le crédit a été voté, ou par une personne que le ministre a autorisée par écrit.

(2) Chaque réquisition en vue d’un paiement sur le Fonds du revenu consolidé doit revêtir la forme, être accompagnée des documents et être certifiée de la manière que le conseil du Trésor peut prescrire par règlement.

(3) Aucune réquisition ne peut être faite conformément au paragraphe (1) en vue d’un paiement qui

(a) ne constituerait pas une imputation légitime sur le crédit;

(b) entraînerait une dépense supérieure au crédit; ou

(c) réduirait le solde disponible du crédit au point de le rendre insuffisant pour l’exécu-
Payment for work, goods or services

27. No payment shall be made for the performance of work, the supply of goods or the rendering of services, whether under contract or not, in connection with any part of the public service of Canada, unless, in addition to any other voucher or certificate that is required, the deputy of the appropriate Minister, or another person authorized by such Minister certifies

(a) that the work has been performed, the goods supplied or the service rendered, as the case may be, and that the price charged is according to contract, or if not specified by contract, is reasonable; or

(b) where a payment is to be made before the completion of the work, delivery of the goods or rendering of the service, as the case may be, that the payment is in accordance with the contract. 1960-61, c. 48, s. 3; 1968-69, c. 27, s. 10.

Form of payments out of C.R.F.

28. (1) Every payment pursuant to an appropriation shall be made under the direction and control of the Receiver General by instrument, in such form and authenticated in such manner as the Treasury Board directs.

(2) Where an instrument issued under subsection (1) is presented by a bank to the Receiver General for payment, the Receiver General, or an officer authorized by him, may pay the instrument out of the Consolidated Revenue Fund. R.S., c. 116, s. 33; 1968-69, c. 27, s. 11.

Paid instruments

29. (1) Every instrument issued under section 28, when paid, shall be delivered into the custody of the Receiver General for examination and adjustment with the statements of instruments issued.

(2) The Treasury Board, on the recommendation of the Receiver General and with the approval of the Auditor General of Canada, may make regulations governing the destruction of cheques or other instruments after payment thereof. 1958, c. 31, s. 3; 1968-69, c. 27, s. 3082.

Destruction

27. Aucun paiement ne doit être effectué pour l'exécution de travaux ou la fourniture de marchandises ou de services, que ce soit en vertu d'un contrat ou non, relativement à toute partie de la fonction publique du Canada, sauf si, en plus d'une autre pièce justificative ou d'un certificat requis, le sous-ministre du ministre compétent, ou une autre personne autorisée par ce ministre, certifie :

a) que les travaux ont été accomplis, les matières fournies ou les services rendus, selon le cas, et que le prix exigé est conforme au contrat ou, si le prix n'est pas spécifié par contrat, qu'il est raisonnable ; ou

b) si un paiement doit être fait avant le parachèvement des travaux, la livraison des marchandises ou l'exécution des services, selon le cas, que le paiement est conforme au contrat. 1960-61, c. 48, art. 3; 1968-69, c. 27, art. 10.

28. (1) Tout paiement aux termes d'un crédit doit être fait sur les instructions et sous la direction du receveur général, au moyen d'un effet selon la forme et authentiqué de la manière que le conseil du Trésor prescrit.

(2) Lorsqu'un effet émis en vertu du paragraphe (1) est présenté par une banque au receveur général, pour paiement, le receveur général, ou un fonctionnaire qu'il autorise, peut payer l'effet à même le Fonds du revenu consolidé. S.R., c. 116, art. 33; 1968-69, c. 27, art. 11.

29. (1) Tout effet émis en vertu de l'article 28, lorsqu'il est payé, doit être remis à la garde du receveur général aux fins d'examen et d'ajustement avec les relevés des effets émis.

(2) Sur la recommandation du receveur général et avec l'approbation de l'auditeur général du Canada, le conseil du Trésor peut établir des règlements régissant la destruction de chèques ou autres effets après qu'ils ont été payés. 1958, c. 31, art. 3; 1968-69, c. 27,
30. The balance of an appropriation granted for a fiscal year that remains unexpended at the end of the fiscal year shall lapse, except that during the thirty days immediately following the end of the fiscal year a payment may be made under the appropriation for the purpose of discharging a debt payable for work performed, goods received or services rendered prior to the end of the fiscal year or payable under any other contractual arrangement prior to the end of that year, and such payment may be charged in the accounts for the fiscal year. 1960-61, c. 48, s. 4; 1968-69, c. 27, s. 13.

31. (1) The Treasury Board may make regulations authorizing the making of accountable advances chargeable to the appropriation for the service in respect of which the advance is made.

(2) An advance for which an accounting has not been made at the termination of the fiscal year in which it was made shall be repaid or accounted for within thirty days thereafter or within such additional number of days, not exceeding thirty, as the Treasury Board may fix in any particular case or class of case.

(3) Any accountable advance or any portion thereof that is not repaid or accounted for as required by subsection (2) may be recovered out of any moneys payable by Her Majesty to the person to whom the advance was made.

(4) Every accountable advance that is not repaid or accounted for as required by this section shall be reported in the Public Accounts. R.S., c. 116, s. 36; 1968-69, c. 27, s. 14.

32. An amount received as a refund or repayment of an expenditure or advance and deposited to the credit of the Receiver General shall be included in the unexpended balance of the appropriation against which it was charged. R.S., c. 116, s. 37.

33. It is a term of every contract providing for the payment of any money by Her Majesty that payment thereunder is subject to there being an appropriation for the particular service for the fiscal year in which
Holdbacks

34. The Governor in Council may make regulations with respect to the conditions under which contracts may be entered into and, notwithstanding any other Act,

(a) may direct that no contract by the terms of which payments are required in excess of such amount or amounts as the Governor in Council may prescribe shall be entered into or have any force or effect unless entry into the contract has been approved by the Governor in Council or the Treasury Board; and

(b) may make regulations with respect to the security to be given to and in the name of Her Majesty to secure the due performance of contracts. R.S., c. 116, s. 39.

35. Where a payment under a contract is withheld to ensure the due performance of the contract, the payment may, subject to this Act, be charged to the appropriation for that contract, and the amount so charged may be credited to a special account in the Consolidated Revenue Fund, to be paid out in accordance with the contract under regulations of the Treasury Board. R.S., c. 116, s. 40.

PART IV
PUBLIC DEBT

36. No money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of Parliament. R.S., c. 116, s. 41.

37. Where authority is conferred by Parliament to borrow money on behalf of Her Majesty, the Governor in Council, subject to the Act authorizing the borrowing, may authorize the Minister

(a) to borrow the money by the issue and sale of securities in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve; and

(b) to enter into such contracts or agreements relating to the borrowing of the money or the issue or sale of securities relating thereto on such terms and conditions as the Governor in Council may
38. The Governor in Council may authorize the Minister to borrow such sums of money as are required for the payment of any securities that were issued under the authority of Parliament, other than section 39, and are maturing or have been called for redemption.

R.S., c. 116, s. 43.

39. Where it appears to the Governor in Council that the Consolidated Revenue Fund will be insufficient to meet the disbursements lawfully authorized to be made from it, the Governor in Council may authorize the Minister to borrow, at such rate of interest and on such terms and conditions as the Governor in Council may approve, for a period not exceeding six months, an amount not exceeding such amount as he deems necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet those disbursements.

R.S., c. 116, s. 44.

40. An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the Public Accounts.

R.S., c. 116, s. 45.

41. (1) Securities issued under the authority of this Part shall be signed by the Deputy Minister of Finance or an officer of the Department of Finance designated by the Governor in Council to sign on behalf of the Deputy Minister of Finance, and shall be countersigned by such officer of the Department of Finance or other person as the Governor in Council designates for that purpose.

(2) The Minister may direct that there be substituted for signatures in the proper handwriting of one or both of the persons authorized to sign or countersign securities under this section, facsimiles thereof printed from engraving.

R.S., c. 116, s. 46; 1966-67, c. 74, s. 8.

42. The Governor in Council may
(a) appoint one or more registrars to perform such services in respect of the registration of loans as the Governor in Council may prescribe;
(b) appoint one or more fiscal agents to perform such services in respect of loans as
the Governor in Council may prescribe; and
(c) fix the remuneration or compensation of any registrar or fiscal agent appointed under this section. R.S., c. 116, s. 47.

(1) The Minister shall cause to be maintained a system of books and records
(a) showing all money authorized by Parliament to be borrowed by the issue and sale of securities;
(b) containing a description and record of all money so borrowed and securities issued; and
(c) showing all amounts paid in respect of the principal of or interest on all money so borrowed.

(2) Every fiscal agent and registrar shall annually and as often as required by the Minister give to the Minister an accounting, in such form and terms and containing such information as the Minister prescribes, of all his transactions as fiscal agent or registrar. R.S., c. 116, s. 48.

The Governor in Council may provide for the creation and management of a sinking fund with respect to any issue of securities or with respect to all securities issued. R.S., c. 116, s. 49.

The payment of all money borrowed and interest thereon and of the principal of and interest on all securities issued by or on behalf of Her Majesty with the authority of Parliament is a charge on and payable out of the Consolidated Revenue Fund. R.S., c. 116, s. 50.

All money required under section 44 to provide a sinking fund or other means of securing repayment of securities, the remuneration and compensation of registrars and fiscal agents appointed under section 42 and all costs, expenses and charges incurred in the negotiation or raising of loans or in the issue, redemption, servicing, payment and management of any loan and any securities issued in respect thereof, may, with the authority of the Governor in Council, be paid out of the Consolidated Revenue Fund. R.S., c. 116, s. 51.
47. Where it is provided by a prospectus or other official notice issued by or under the authority of the Minister that a subscriber may purchase securities

(a) by payments to an authorized agent, or

(b) by deductions from the remuneration of the subscriber by his employer,

the amount of any such payment or deduction that has not been accounted for by the delivery of securities to the subscriber or repaid to the subscriber shall be deemed to be money received in trust for Her Majesty by the agent or employer for which he is accountable to Her Majesty under section 89, and for the purpose of the Bankruptcy Act and the Winding-up Act, where the money paid or deducted cannot be identified among the assets of the employer or agent, a portion of the said assets equal in value to the amount of the payment or deduction shall be deemed to be segregated and held in trust for Her Majesty. R.S., c. 116, s. 52.

48. There shall be established in the Consolidated Revenue Fund an account to be known as the Investors' Indemnity Account to which shall be credited the sum of twenty-five thousand dollars, such further amounts as are appropriated by Parliament for the purposes of this section and any recoveries of the losses referred to in section 49. R.S., c. 116, s. 53.

49. The Minister may, in accordance with and subject to the regulations, pay out of the Investors' Indemnity Account any losses sustained by subscribers for securities who have paid all or part of the purchase price for such securities but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities. R.S., c. 116, s. 54.

50. Her Majesty and a fiscal agent or registrar acting as such are not bound to see to the execution of any express or implied trust to which any securities are subject. R.S., c. 116, s. 55.

51. The Governor in Council may make such regulations as he deems necessary to
provide for the management of the public debt of Canada and the payment of interest thereon and, without limiting the generality of the foregoing, may make regulations

(a) for the inscription or registration of securities and prescribing the effect of such inscription or registration;
(b) for the transfer, transmission, exchange, redemption, cancellation and destruction of any securities, and, without limiting the generality of the foregoing,

(i) for the transmission, transfer or redemption of securities pursuant to judgment or as the result of the death, dissolution or bankruptcy of the registered owner thereof, and
(ii) prescribing the conditions upon which the transfer, transmission, exchange and redemption of securities registered in the names of infants, minors or other persons not of full capacity to enter into ordinary contracts, may be made;
(c) for the issue of securities or making of payments in respect of damaged, lost, stolen or destroyed securities or interest coupons, and of the cheques pertaining thereto and prescribing conditions to such issue or payment;
(d) requiring guarantees to be given to the registrar in such manner and by such persons as the regulations may prescribe, before the registrar is authorized to make any entry in the register;
(e) authorizing the correction by the registrar, in such circumstances as may be prescribed by the regulations, of errors in the register and otherwise authorizing rectification of the register; and
(f) providing for the payment of losses out of the Investors' Indemnity Account. R.S., c. 116, s. 56.

PART V
PUBLIC PROPERTY

52. Subject to any other Act of Parliament, no transfer, lease or loan of public property shall be made to any person, except on the direction of the Governor in Council or in accordance with regulations of the Governor in Council made on the recommendation of the Treasury Board. 1968-69, c. 27, s. 15.

PARTIE V
BIENS PUBLICS

52. Sous réserve de toute autre loi du Parlement, aucun transfert, bail ou prêt de biens publics ne doit être fait à une personne, sauf selon les directives du gouverneur en conseil ou en conformité des règlements établis par le gouverneur en conseil sur la recommandation du conseil du Trésor. 1968-69, c. 27,
53. The deputy head of every department shall maintain adequate records in relation to public property for which the department is responsible and shall comply with regulations of the Treasury Board governing the custody and control of public property. 1968-69, c. 27, s. 15.

PART VI
PUBLIC ACCOUNTS

54. (1) Subject to regulations of the Treasury Board, the Receiver General shall cause accounts to be kept in such manner as to show

(a) the expenditures made under each appropriation;
(b) the revenues of Canada; and
(c) the other payments into and out of the Consolidated Revenue Fund.

(2) The Receiver General

(a) shall cause accounts to be kept to show such of the assets and direct and contingent liabilities of Canada, and
(b) shall establish such reserves with respect to the assets and liabilities,
as, in the opinion of the Minister, are required to give a true and fair view of the financial position of Canada.

(3) The accounts of Canada shall be kept in the currency of Canada. 1966-67, c. 74, s. 10; 1968-69, c. 27, s. 16.

55. (1) A report, called the Public Accounts, shall be prepared by the Receiver General for each fiscal year and shall be laid before the House of Commons by the Minister on or before the 31st day of December next following the end of that year, or if Parliament is not then sitting, within any of the first fifteen days next thereafter that Parliament is sitting.

(2) The Public Accounts shall be in such form as the Minister may direct, and shall include

(a) a report on the financial transactions of the fiscal year;
(b) a statement, certified by the Auditor General of Canada, of the expenditures

53. Le sous-chef de chaque ministère ou département doit tenir des registres convenables ayant trait aux biens publics dont le ministère ou le département est responsable et doit se conformer aux règlements du conseil du Trésor régissant la garde et le contrôle des biens publics. 1968-69, c. 27, art. 15.

PARTIE VI
COMPTES PUBLICS

54. (1) Sous réserve des règlements du conseil du Trésor, le receveur général doit faire tenir des comptes de manière qu’ils indiquent

(a) les dépenses effectuées en vertu de chaque crédit budgétaire;
(b) les revenus du Canada; et
(c) les autres versements au Fonds du revenu consolidé et sur ledit Fonds.

(2) Le receveur général

(a) doit faire tenir des comptes ayant pour objet d’indiquer tels éléments de l’actif et du passif direct et éventuel du Canada, et
(b) doit établir, à l’égard de l’actif et du passif, telles réserves
qui, de l’avis du Ministre, sont nécessaires pour donner un aperçu juste et fidèle de la situation financière du Canada.

(3) Les comptes du Canada doivent être tenus en la monnaie du Canada. 1966-67, c. 74, art. 10; 1968-69, c. 27, art. 16.

55. (1) Un rapport appelé «Comptes publics» doit être préparé par le receveur général pour chaque année financière et doit être déposé devant la Chambre des communes par le Ministre après la fin de cette année et au plus tard le 31 décembre suivant ou, si le Parlement n’est pas alors en session, l’un des quinze premiers jours où il siège par la suite.

(2) Les comptes publics doivent revêtir la forme que prescrit le Ministre et renfermer

a) un rapport sur les opérations financières de l’année ci-dessous mentionnée;
b) un état, certifié par l’auditeur général du Canada, des dépenses et revenus du Canada pour l’année financière;
and revenues of Canada for the fiscal year;
(c) a statement, certified by the Auditor General, of such of the assets and liabilities of Canada as in the opinion of the Minister are required to show the financial position of Canada as at the termination of the fiscal year;
(d) the contingent liabilities of Canada; and
(e) such other accounts and information as are necessary to show, with respect to the fiscal year, the financial transactions and financial position of Canada, or are required by any Act to be shown in the Public Accounts. R.S., c. 116, s. 64; 1968-69, c. 27, s. 16.

PART VII
THE AUDITOR GENERAL OF CANADA

56. (1) The Governor in Council shall by commission under the Great Seal appoint an officer called the Auditor General of Canada to hold office during good behaviour until he attains the age of sixty-five years, but he is removable by the Governor General on address of the Senate and House of Commons.

(2) The Auditor General shall out of the Consolidated Revenue Fund be paid a salary of thirty thousand dollars per annum.

(3) The provisions of the Public Service Superannuation Act, except those relating to tenure of office, apply to the Auditor General.

(4) Such officers and employees as are necessary to enable the Auditor General to perform his duties shall be appointed in accordance with the Public Service Employment Act.

(5) The Governor in Council may appoint a person temporarily to perform the duties of the Auditor General during a vacancy in the office of Auditor General. R.S., c. 116, s. 65; 1955, c. 3, s. 1; 1963, c. 41, s. 2; 1966-67, c. 84, s. 3.

Access to books, files, etc.

57. (1) Notwithstanding any Act, the Auditor General is entitled to free access at all convenient times to all files, documents and other records relating to the accounts of every

PARTIE VII
L'AUDITEUR GÉNÉRAL DU CANADA

56. (1) Le gouverneur en conseil nomme, par commission sous le grand sceau, un fonctionnaire appelé l'auditeur général du Canada, qui détient son poste, durant bonne conduite, jusqu'à ce qu'il atteigne l'âge de soixante-cinq ans mais qui peut être révoqué par le gouverneur général sur une adresse du Sénat et de la Chambre des communes.

(2) L'auditeur général touche, sur le Fonds du revenu consolidé, un traitement de trente mille dollars par année.

(3) Les dispositions de la Loi sur la pension de la Fonction publique, sauf celles qui concernent la durée des fonctions, s'appliquent à l'auditeur général.

(4) Sont nommés, selon la Loi sur l'emploi dans la Fonction publique, les fonctionnaires et employés nécessaires pour permettre à l'auditeur général d'accomplir ses fonctions.

(5) Le gouverneur en conseil peut nommer une personne pour remplir provisoirement les fonctions de l'auditeur général durant une vacance de ce poste. S.R., c. 116, art. 65; 1955, c. 3, art. 1; 1963, c. 41, art. 2; 1966-67, c. 84, art. 3.

57. (1) Nonobstant toute loi du Parlement, l'auditeur général a le droit de prendre librement communication, à toutes époques raisonnables, des dossiers, documents et autres
department, and he is also entitled to require and receive from members of the public service of Canada such information, reports and explanations as he may deem necessary for the proper performance of his duties.

(2) The Auditor General may station in any department any person employed in his office to enable him more effectively to carry out his duties, and the department shall provide the necessary office accommodation for any officer so stationed.

(3) The Auditor General shall require every person employed in his office who is to examine the accounts of a department pursuant to this Act to comply with any security requirements applicable to, and to take any oath of secrecy required to be taken by persons employed in that department.

(4) The Auditor General may suspend from the performance of his duty any person employed in his office. R.S., c. 116, s. 66.

58. The Auditor General shall examine in such manner as he may deem necessary the accounts relating to the Consolidated Revenue Fund and to public property and shall ascertain whether in his opinion

(a) the accounts have been faithfully and properly kept;
(b) all public money has been fully accounted for, and the rules and procedures applied are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue;
(c) money has been expended for the purposes for which it was appropriated by Parliament, and the expenditures have been made as authorized; and
(d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property. R.S., c. 116, s. 67.

59. The Auditor General shall

(a) make such examination of the accounts and records of each registrar as he deems necessary, and such other examinations of a registrar's transactions as the Minister may require; and
(b) when and to the extent required by the auditor general, examine in such manner as he deems necessary the accounts, and any other records or documents relative to any matters in respect of which he is empowered to make examinations, and to make such investigations as he may deem necessary to determine whether the provisions of this Act or any regulations made under this Act have been complied with.

58. L'auditeur général doit examiner, de la manière qu'il peut juger nécessaire, les comptes relatifs au Fonds du revenu consolidé et aux biens publics. Il doit déterminer si, à son avis,

(a) les comptes ont été tenus d'une manière fidèle et convenable;
(b) on a pertinemment rendu compte de tous deniers publics, et si les règles et procédures appliquées sont suffisantes pour assurer un contrôle efficace de la cotisation, de la perception et de la répartition régulière du revenu;
(c) les sommes d'argent ont été dépensées pour les fins auxquelles le Parlement les avait affectées, et les dépenses faites de la façon autorisée; et si, à son avis,
(d) les registres essentiels sont tenus, et si les règles et procédures appliquées suffisent à sauvegarder et contrôler les biens publics. S.R., c. 116, art. 67.

59. L'auditeur général doit

(a) faire tel examen des comptes et archives se rattachant aux comptes de chaque registraire qu'il juge nécessaire et tels autres examens des opérations d'un registraire que le Ministre peut exiger; et,
(b) dans les cas et la mesure où il en est requis par le Ministre, participer à la
Minister, participate in the destruction of any redeemed or cancelled securities or unissued reserves of securities, authorized to be destroyed under this Act; and he may, by arrangement with the registrar, maintain custody and control, jointly with the registrar, of cancelled and unissued securities. R.S., c. 116, s. 68.

60. The Auditor General shall examine and certify in accordance with the outcome of his examinations the several statements required by section 55 to be included in the Public Accounts, and any other statement that the Minister may present for audit certificate. R.S., c. 116, s. 69.

61. (1) The Auditor General shall report annually to the House of Commons the results of his examinations and shall call attention to every case in which he has observed that
(a) any officer or employee has wilfully or negligently omitted to collect or receive any money belonging to Canada,
(b) any public money was not duly accounted for and paid into the Consolidated Revenue Fund,
(c) any appropriation was exceeded or was applied to a purpose or in a manner not authorized by Parliament,
(d) an expenditure was not authorized or was not properly vouched or certified,
(e) there has been a deficiency or loss through the fraud, default or mistake of any person, or
(f) a special warrant authorized the payment of any money,
and to any other case that the Auditor General considers should be brought to the notice of the House of Commons.

(2) The report of the Auditor General shall be laid before the House of Commons by the Minister on or before the 31st day of December, or, if Parliament is then not in session, within fifteen days after the commencement of the next ensuing session and if the Minister does not, within the time prescribed by this section, present the report to the House of Commons, the Auditor General shall transmit the report to the Speaker for tabling in the House of Commons.
Inquiry and report

Improper retention of public money

Inquiries

Audit of office of Auditor General

R.S., c. 116, s. 70.

62. The Auditor General shall, whenever the Governor in Council or the Treasury Board directs, inquire into and report on any matter relating to the financial affairs of Canada or to public property and on any person or organization that has received financial aid from the Government of Canada or in respect of which financial aid from the Government of Canada is sought. 1966-67, c. 74, s. 11.

63. Whenever it appears to the Auditor General that any public money has been improperly retained by any person, he shall forthwith report the circumstances of such cases to the President of the Treasury Board. 1966-67, c. 74, s. 13.

64. The Auditor General may examine any person on oath on any matter pertaining to any account subject to audit by him and for the purposes of any such examination the Auditor General may exercise all the powers of a commissioner under Part I of the Inquiries Act. R.S., c. 116, s. 74.

65. An officer of the public service of Canada nominated by the Treasury Board shall examine and certify to the House of Commons in accordance with the outcome of his examinations the receipts and disbursements of the office of the Auditor General. R.S., c. 116, s. 75.

PART VIII

CROWN CORPORATIONS

66. (1) In this Part

"agency corporation" means a Crown corporation named in Schedule C;

"auditor" means, in relation to a corporation, the person authorized by Parliament to audit the accounts and financial transactions of the corporation;

"Crown corporation" means a corporation that is ultimately accountable, through a Minister, to Parliament for the conduct of its affairs, and includes the corporations named in Schedule B, Schedule C and Schedule D;

"departmental corporation" means a Crown corporation named in Schedule C;

"departmental corporation" means a Crown corporation named in Schedule D;

PARTIE VIII

CORPORATIONS DE LA COURONNE

66. (1) Dans la présente Partie

"corporation de département" signifie une corporation de la Couronne nommée à l'annexe B;

"corporation de la Couronne" signifie une corporation qui, en dernier lieu, doit rendre compte au Parlement, par l'intermédiaire d'un ministre, de la conduite de ses affaires, et comprend les corporations nommées aux annexes B, C et D;

"corporation de mandataire" signifie une corporation nommée à l'annexe C;

"corporation de propriétaire" signifie une corporation de la Couronne nommée à l'annexe D;
corporation named in Schedule B;
"proprietary corporation" means a Crown
corporation named in Schedule D.

(2) The Governor in Council may by order
delete the name of any corporation from
Schedule B, Schedule C, or Schedule D and
shall thereupon add the name of that
corporation to the appropriate schedule in
accordance with subsection (3).

(3) The Governor in Council may by order
(a) add to Schedule B any Crown corpo­
ration that is a servant or agent of Her
Majesty in right of Canada and is respon­
sible for administrative, supervisory or
regulatory services of a governmental
nature;
(b) add to Schedule C any Crown corpo­
ration that is an agent of Her Majesty in
right of Canada and is responsible for the
management of trading or service operations
on a quasi-commercial basis, or for the
management of procurement, construction
or disposal activities on behalf of Her
Majesty in right of Canada; and
(c) add to Schedule D any Crown corpo­
ration that
(i) is responsible for the management of
lending or financial operations, or for the
management of commercial and industri­
al operations involving the production of
or dealing in goods and the supplying of
services to the public, and
(ii) is ordinarily required to conduct its
operations without appropriations. R.S.,
c. 116, s. 76.

67. (1) Where, in respect of a Crown
corporation,
(a) no provision is made in any Act for the
appointment of an auditor to audit the
accounts and financial transactions of the
corporation, or
(b) the auditor is to be appointed pursuant
to the Canada Corporations Act,
the Governor in Council shall designate a
person to audit the accounts and financial
transactions of the corporation.

(2) Notwithstanding any other Act, the

67. (1) Lorsque, à l'égard d'une corporation
de la Couronne,
a) aucune loi ne prévoit la nomination d'un
vérificateur pour examiner les comptes et les
opérations financières de la corporation ;
or que
b) le vérificateur doit être nommé en
conformité de la Loi sur les corporations
canadiennes ;
le gouverneur en conseil doit désigner une
personne pour vérifier les comptes et les
opérations financières de la corporation.

(2) Nonobstant toute autre loi, l'auditeur

Auditor General is eligible to be appointed the auditor, or a joint auditor, of a Crown corporation. R.S., c. 116, s. 77.

68. (1) Sections 69 to 78 apply to agency corporations and proprietary corporations, but in the event of any inconsistency between the provisions thereof and the provisions of any other Act, the provisions of such other Act prevail.

(2) This Part does not apply to departmental corporations except as provided in section 66. R.S., c. 116, s. 78.

69. The financial year of a corporation is the calendar year, unless the Governor in Council otherwise directs. R.S., c. 116, s. 79.

70. (1) Each agency corporation shall annually submit to the appropriate Minister an operating budget for the next following financial year of the corporation for the approval of the appropriate Minister and the President of the Treasury Board.

(2) For each corporation the appropriate Minister shall annually lay before Parliament the capital budget for its financial year approved by the Governor in Council on the recommendation of the appropriate Minister, the President of the Treasury Board and the Minister of Finance.

(3) The Treasury Board, on the joint recommendation of the President of the Treasury Board and the appropriate Minister, may by regulation prescribe the form in which budgets required by this section shall be prepared. 1966-67, c. 74, s. 14.

71. (1) A corporation may, with the approval of the Minister of Finance, maintain in its own name one or more accounts in the Bank of Canada or in such bank in Canada or financial institution outside Canada as the Minister of Finance may approve.

(2) A corporation shall if so directed by the Minister of Finance with the concurrence of the appropriate Minister, and may if the Minister of Finance and the appropriate Minister approve, pay all or any part of the money of the corporation to the Receiver General to be placed to the credit of a special account in the Consolidated Revenue Fund in the name of the corporation, and the

général est admissible au poste de vérificateur, ou vérificateur conjoint, d'une corporation de la Couronne. S.R., c. 116, art. 77.

68. (1) Les articles 69 à 78 s'appliquent aux corporations de mandataire et aux corporations de propriétaire, mais, en cas d'incompatibilité entre leurs dispositions et celles de toute autre loi, les dispositions de cette dernière l'emportent.

(2) Sauf les dispositions de l'article 66, la présente Partie ne s'applique pas aux corporations de département. S.R., c. 116, art. 78.

69. Sauf ordre contraire du gouverneur en conseil, l'année financière d'une corporation est l'année civile. S.R., c. 116, art. 79.

70. (1) Chaque corporation de mandataire doit soumettre tous les ans, au ministre compétent, un budget d'exploitation pour l'année financière suivante de la corporation en vue de l'approbation du ministre compétent et du président du conseil du Trésor.

(2) Le ministre compétent doit tous les ans, à l'égard de chaque corporation, soumettre au Parlement le budget d'établissement pour son année financière, approuvé par le gouverneur en conseil, sur la recommandation du ministre compétent, du président du conseil du Trésor et du ministre des Finances.

(3) Le conseil du Trésor peut, sur la recommandation conjointe du président du conseil du Trésor et du ministre compétent, prescrire par règlement la forme en laquelle les budgets requis par le présent article doivent être préparés. 1966-67, c. 74, art. 14.

71. (1) Avec l'assentiment du ministre des Finances, une corporation peut maintenir en son propre nom un ou plusieurs comptes à la Banque du Canada, ou à telle banque au Canada, ou telle institution financière hors du Canada, que le ministre des Finances peut approuver.

(2) Une corporation doit, si le ministre des Finances le lui ordonne avec l'adhésion du ministre compétent, et peut, si le ministre des Finances et le ministre compétent donnent leur approbation, verser la totalité ou quelque partie des sommes d'argent de la corporation au receveur général, pour être placée au crédit d'un compte spécial du Fonds du revenu consolidé, au nom de la corporation, et le
Minister of Finance may pay out, for the purposes of the corporation, or repay to the corporation, all or any part of the money in the special account.

(3) Interest may be allowed and paid from the Consolidated Revenue Fund in respect of money placed to the credit of a special account pursuant to subsection (2), in accordance with and at rates fixed by the Minister with the approval of the Governor in Council.

(4) Notwithstanding the other provisions of this section, where the appropriate Minister and the Minister of Finance, with the approval of the Governor in Council, so direct, a corporation shall pay to the Receiver General so much of the money administered by it as the appropriate Minister and the Minister of Finance consider to be in excess of the amount required for the purposes of the corporation, and any money so paid may be applied toward the discharge of any obligation of the corporation to Her Majesty, or may be applied as revenues of Canada. R.S., c. 116, s. 81; 1958, c. 31, s. 4.

72. (1) At the request of the appropriate Minister, and subject to the approval of the Governor in Council, the Minister of Finance may from time to time lend money to a corporation for working capital out of money in the Consolidated Revenue Fund.

(2) The aggregate amount of loans outstanding made to any one corporation under this section shall not at any time exceed five hundred thousand dollars.

(3) A loan under this section is subject to such terms and conditions as the Governor in Council approves and is repayable within a period not exceeding twelve months from the day on which the loan was made.

(4) A report of every loan to a corporation under this section shall be laid by the Minister of Finance before Parliament within fifteen days after it is made or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session. R.S., c. 116, s. 82.

73. The Governor in Council may make regulations with respect to the conditions upon which an agency corporation may undertake contractual commitments. R.S., c. 116, s. 83; 1958, c. 31, s. 5.
Reserves

74. Subject to any order or direction of the Treasury Board, a corporation may make provision for reserves for depreciation of assets, for uncollectable accounts and for other purposes. 1966-67, c. 74, s. 15.

Books

75. (1) A corporation shall keep proper books of account and proper records in relation thereto.

Statement of accounts

(2) Subject to such directions as to form as the Treasury Board may give, a corporation shall prepare in respect of each financial year statements of accounts which shall include

(a) a balance sheet, a statement of income and expense and a statement of surplus, containing such information as, in the case of a company incorporated under the Canada Corporations Act, is required to be laid before the company by the directors at an annual meeting; and

(b) such other information in respect of the financial affairs of the corporation as the appropriate Minister, the Treasury Board or the Minister of Finance may require.

Annual report

(3) A corporation shall, as soon as possible, but within three months after the termination of each financial year submit an annual report to the appropriate Minister in such form as he may prescribe, which shall include the statement of accounts specified in subsection (2), and the appropriate Minister shall lay the report before Parliament within fifteen days after he receives it or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session.

Reports to Minister

(4) A corporation shall make to the appropriate Minister such reports of its financial affairs as he requires. R.S., c. 116, s. 85; 1966-67, c. 74, s. 16.

Access to books, etc.

76. The auditor is entitled to have access at all convenient times to all records, documents, books, accounts and vouchers of a corporation, and is entitled to require from the directors and officers of the corporation such information and explanations as he deems necessary. R.S., c. 116, s. 86.

Auditor's report

77. (1) The auditor shall report annually c. 116, art. 83.

Réserves

74. Sauf tout arrêté ou directive du conseil du Trésor, une corporation peut pourvoir à des réserves pour dépréciation d'élément d'actif, pour comptes irrécouvrables et pour d'autres objets. 1966-67, c. 74, art. 15.

Livres

75. (1) Une corporation doit tenir des livres de comptabilité appropriés, ainsi que des archives pertinentes.

État de comptes

(2) Sous réserve des instructions que le conseil du Trésor peut donner quant à la forme, une corporation doit, à l'égard de chaque année financière, préparer des états de comptes qui comprennent

a) un bilan, un relevé de revenus et des dépenses et un état du surplus, avec les renseignements qui, dans le cas d'une compagnie constituée selon la Loi sur les corporations canadiennes, doivent être présentés à la compagnie par les administrateurs à une assemblée annuelle ; et

b) les autres renseignements sur les affaires financières de la corporation que le ministre compétent, le conseil du Trésor ou le ministre des Finances peut exiger.

Rapport annuel

(3) Une corporation doit, aussitôt que possible, mais dans les trois mois qui suivent la fin de chaque année financière, soumettre au ministre compétent un rapport annuel en la forme que ce dernier peut prescrire, lequel rapport doit comprendre l'état de comptes spécifié au paragraphe (2). Le ministre compétent doit présenter ce rapport au Parlement dans les quinze jours après qu'il l'a reçu ou, si le Parlement n'est pas alors en session, dans les quinze jours de l'ouverture de la session suivante.

Rapports au ministre

(4) Une corporation doit adresser au ministre compétent tels rapports que ce dernier peut exiger en ce qui regarde les affaires financières de la corporation. S.R., c. 116, art. 85; 1966-67, c. 74, art. 16.

Accès aux livres, etc.

76. Le vérificateur a droit d'accès, en tout temps convenable, aux registres, documents, livres, comptes et pièces justificatives d'une corporation, et il a le droit d'exiger des administrateurs et fonctionnaires de la corporation les renseignements et explications qu'il juge nécessaires. S.R., c. 116, art. 86.

Rapport du vérificateur

77. (1) Le vérificateur doit faire connaître,
Other reports

Annual report

Audit

Report through Minister

Chap. F-10  Administration financière

Partie VIII

to the appropriate Minister the result of his examination of the accounts and financial statements of a corporation, and the report shall state whether in his opinion

(a) proper books of account have been kept by the corporation;
(b) the financial statements of the corporation
(i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
(ii) in the case of the balance sheet, give a true and fair view of the state of the corporation's affairs as at the end of the financial year, and
(iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the corporation for the financial year; and
(c) the transactions of the corporation that have come under his notice have been within the powers of the corporation under this Act and any other Act applicable to the corporation;

and the auditor shall call attention to any other matter falling within the scope of his examination that in his opinion should be brought to the attention of Parliament.

(2) The auditor shall from time to time make to the corporation or to the appropriate Minister such other reports as he may deem necessary or as the appropriate Minister may require.

(3) The annual report of the auditor shall be included in the annual report of the corporation.

(4) Notwithstanding section 68, this section operates in lieu of section 132 of the Canada Corporations Act. R.S., c. 116, s. 87.

78. In any case where the auditor is of the opinion that any matter in respect of a corporation should be brought to the attention of the Governor in Council, the Treasury Board or the Minister of Finance, such report shall be made forthwith through the appropriate Minister. R.S., c. 116, s. 88.

tous les ans, au ministre compétent, le résultat de son examen des comptes ainsi que des états financiers d’une corporation, et le rapport doit indiquer si, à son avis,

a) la corporation a tenu des livres de comptabilité appropriés;

b) les états financiers de la corporation
(i) ont été préparés sur une base compatible avec celle de l’année précédente et sont en accord avec les livres de comptabilité,
(ii) dans le cas du bilan, donnent un aperçu juste et fidèle de l’état des affaires de la corporation à la fin de l’année financière, et
(iii) dans le cas du relevé des revenus et des dépenses, donnent un aperçu juste et fidèle du revenu et des dépenses de la corporation pour l’année financière; et

si, à son avis,
c) les opérations de la corporation venues à sa connaissance étaient de la compétence de la corporation aux termes de la présente loi et de toute autre loi y applicable;

et il doit signaler toute autre matière qui rentre dans le cadre de son examen et qui, d’après lui, devrait être portée à l’attention du Parlement.

(2) Le vérificateur doit, de temps à autre, adresser à la corporation ou au ministre compétent les autres rapports qu’il estime nécessaires ou que le ministre compétent peut exiger.

(3) Le rapport annuel du vérificateur doit être inclus dans le rapport annuel de la corporation.

(4) Nonobstant l’article 68, le présent article produit son effet au lieu de l’article 132 de la Loi sur les corporations canadiennes. S.R., c. 116, art. 87.

78. Lorsque le vérificateur estime qu’une question concernant une corporation devrait être signalée au gouverneur en conseil, au conseil du Trésor ou au ministre des Finances, ce rapport doit être fait immédiatement par l’intermédiaire du ministre compétent. S.R., c. 116, art. 88.
PART IX

ASSIGNMENT OF CROWN DEBTS

79. In this Part

"appropriate paying officer" in relation to a Crown debt means the paying officer who makes the payments in respect thereof;

"contract" means a contract involving the payment of money by the Crown;

"Crown" means Her Majesty in right of Canada;

"Crown debt" means any existing or future debt due or becoming due by the Crown, and any other chose in action in respect of which there is a right of recovery enforceable by action against the Crown;

"paying officer" means any person designated as such by regulation;

"prescribed" means prescribed by regulation.

1960-61, c. 48, s. 5.

80. Except as provided in this Act or any other Act of the Parliament of Canada,

(a) a Crown debt is not assignable, and

(b) no transaction purporting to be an assignment of a Crown debt is effective so as to confer on any person any rights or remedies in respect of such debt. 1960-61, c. 48, s. 5.

81. (1) Any absolute assignment, in writing, under the hand of the assignor, not purporting to be by way of charge only, of a Crown debt of any following description, namely,

(a) a Crown debt that is an amount due or becoming due under a contract, or

(b) any other Crown debt of a class prescribed by regulation,
of which notice has been given to the Crown as provided in section 82, is effectual in law, subject to all equities that would have been entitled to priority over the right of the assignee if this section had not been enacted, to pass and transfer from the date service of such notice is effected

(a) the legal right to the Crown debt,

(b) any equitable right to the Crown debt, and

(c) the right of action of the assignee for damages for breach of the contract or debt.

1960-61, c. 48, s. 5.

PARTIE IX

CESSION DES DETTES DE LA COURONNE

79. Dans la présente Partie

«agent payeur» désigne toute personne nommée à ce poste par règlement;

«agent payeur compétent» relatif à une dette de la Couronne, désigne l'agent payeur qui fait le paiement à l'égard de cette dette;

«contrat» désigne un contrat comportant le paiement d'une somme d'argent par la Couronne;

«Couronne» désigne Sa Majesté du chef du Canada;

«dette de la Couronne» désigne toute dette existante ou future, échue ou à échoir, de la Couronne, ainsi que tout autre droit incorporel concernant lequel il existe un droit de recouvrement qu'on peut faire valoir au moyen d'une action contre la Couronne;

«prescrit» désigne prescrit par règlement.

1960-61, c. 48, art. 5.

80. Sauf ce que prévoient la présente loi ou toute autre loi du Parlement du Canada,

a) une dette de la Couronne n'est pas cessible, et

b) aucune opération présentée comme étant une cession d'une dette de la Couronne n'a l'effet de conférer à qui que ce soit des droits ou recours à l'égard de cette dette.

1960-61, c. 48, art. 5.

81. (1) Toute cession absolue, faite par écrit et signée de la main du cédant, non présentée comme étant faite par voie d'imputation seulement, d'une dette de la Couronne décrite de l'une ou l'autre des façons suivantes, savoir:

a) une dette de la Couronne qui est un montant échu ou à échoir aux termes d'un contrat, ou

b) toute autre dette de la Couronne d'une catégorie prescrite par règlement,
dont avis a été donné à la Couronne ainsi que le prévoit l'article 82, est valide en droit, sous réserve de toutes les equities qui auraient pris rang avant le droit du cessionnaire si le présent article n'avait pas été édité, pour transférer et transmettre, à compter de la date
(d) all legal and other remedies for the Crown debt, and
(e) the power to give a good discharge for the Crown debt without the concurrence of the assignor.

(2) An assignment made in accordance with this Part is subject to all conditions and restrictions in respect of the right of transfer that relate to the original Crown debt or that attach to or are contained in the original contract.

(3) Notwithstanding subsection (1), any amount due or becoming due by the Crown as or on account of salary, wages, pay or pay and allowances is not assignable and no transaction purporting to be an assignment of any such amount is effective to confer on any person any rights or remedies in respect of that amount. 1960-61, c. 48, s. 5.

82. (1) Notice of any assignment referred to in subsection 81(1) shall be given to the Crown by serving on or sending by registered mail to the Receiver General or a paying officer notice thereof in prescribed form, together with a copy of the assignment accompanied by such other documents completed in such manner as may be prescribed.

(2) Service of the notice referred to in subsection (1) shall be deemed not to have been effected until acknowledgment of the notice, in prescribed form, is sent to the assignee, by registered mail, under the hand of the appropriate paying officer. 1960-61, c. 48, s. 5; 1968-69, c. 27, s. 19.

83. This Part does not apply
(a) to any negotiable instrument, or
(b) to any Crown debt incurred by or in the name of a corporation set out in Schedule C or D. 1960-61, c. 48, s. 5.

84. The Governor in Council may make regulations
(a) designating persons as paying officers for the purposes of this Part;
(b) prescribing additional classes of Crown debts for the purpose of subsection 81(1);
(c) prescribing the forms of notices of assignment and acknowledgments thereof;
(d) prescribing the documents to be submitted in connection with a notice of assignment, the forms of such documents and the manner in which they are to be completed; and
(e) generally, for carrying into effect the purposes and provisions of this Part. 1960-61, c. 48, s. 5.

PART X

ASSIGNMENT OF DEBTS DUE TO THE CROWN UNDER PAYMENT BONDS

85. In this Part

"Crown" means Her Majesty in right of Canada or any agent of Her Majesty in right of Canada and includes a Crown corporation;

"Crown corporation" has the meaning given to that expression in the definition "Crown corporation" in subsection 66(1);

"payment bond" means a bond held by the Crown as security for the payment of certain classes of persons performing labour or services or supplying material in connection with a contract between the Crown and a contractor. 1968-69, c. 27, s. 17.

86. (1) Where an amount is due to the Crown under the provisions of a payment bond, a person who

(a) performed labour or services or supplied material in connection with the contract in respect of which the payment bond is held,
(b) is within a class of persons for the payment of which the payment bond is held as security, and
(c) has not been paid in full for the labour or services performed or material supplied by him in connection with the contract within the time provided in the payment bond, a) désignant des personnes aux postes d'agents payeurs aux fins de la présente Partie;
b) prescrivant des catégories supplémentaires de dettes de la Couronne pour les objets du paragraphe 81(1);
c) prescrivant les formules d'avis de cession et leurs reconnaissances;
d) prescrivant les documents à soumettre relativement à un avis de cession, les formes de ces documents et la manière dont ils doivent être complétés; et
e) de façon générale, tendant à la réalisation des objets de la présente Partie et à l'application de ses dispositions. 1960-61, c. 48, art. 5.

PARTIE X

CESSION DES DETTES DUES À LA COURONNE EN VERTU DE CAUTIONNEMENTS DE PAIEMENT

85. Dans la présente Partie

«cautionnement de paiement» désigne un cautionnement détenu par la Couronne à titre de garantie du paiement de certaines catégories de personnes exécutant des travaux ou fournissant des services ou des matériaux relativement à un contrat intervenu entre la Couronne et un entrepreneur;

«Couronne» désigne Sa Majesté du chef du Canada ou tout mandataire de Sa Majesté du chef du Canada et comprend une corporation de la Couronne;

«corporation de la Couronne» a le sens donné à cette expression à la définition de «corporation de la Couronne» au paragraphe 66(1). 1968-69, c. 27, art. 17.

86. (1) Lorsqu'un montant est dû à la Couronne en vertu des dispositions d'un cautionnement de paiement, une personne a) qui a exécuté des travaux ou fourni des services ou des matériaux relativement au contrat pour lequel le cautionnement de paiement est détenu,
b) qui appartient à une catégorie de personnes pour le paiement desquelles le cautionnement de paiement est détenu à titre de garantie, et
c) qui n'a pas été intégralement payée, pour les travaux exécutés ou les services ou

3101
bond for payment to the class of persons of which he is a member,
is, without any act by or notice by or to the Crown, an assignee of the right of the Crown to recover an amount under the payment bond equal to the lesser of
(d) the amount due to him for the labour or services performed or material supplied by him under the contract, and
(e) the amount due to the Crown under the provisions of the payment bond.

(2) A person who is an assignee of the right of the Crown to recover an amount under a payment bond may, in his own name, exercise the right that, but for this Act, the Crown would have had to bring action to enforce payment under the payment bond in accordance with its terms and conditions and the Crown shall neither be a party to any such action, nor be liable for any costs in connection therewith. 1968-69, c. 27, s. 17.

87. (1) A copy of a payment bond certified by the officer of the Crown having custody of the original payment bond shall be provided by such officer to any person who files with him an affidavit setting forth that such person has performed labour or services or supplied material in connection with the contract for which the bond is held and that he has not been paid in full therefor.

(2) A document purporting to be a copy of a payment bond certified by the officer of the Crown having custody of the original payment bond is, without proof of the signature of the officer, admissible in evidence in any court of justice, or before a person having by law or by consent of parties authority to hear, receive and examine evidence in any action taken by a person under this Part, and has the same probative force as the original document would have if it were proven in the ordinary way. 1968-69, c. 27, s. 17.
88. The Governor in Council, on the recommendation of the Treasury Board, may make regulations for carrying into effect the purposes and provisions of this Part. 1968-69, c. 27, s. 17.

PART XI
CIVIL LIABILITY AND OFFENCES

89. (1) Whenever the Receiver General has reason to believe that any person

(a) has received money for Her Majesty and has not duly paid it over,
(b) has received money for which he is accountable to Her Majesty and has not duly accounted for it, or
(c) has in his hands any public money applicable to any purpose and has not duly applied it,

the Receiver General may cause a notice to be served on such person, or on his representative in case of his death, requiring him within such time from the service of the notice as may be named therein, duly to pay over, account for, or apply such money, as the case may be, and to transmit to the Receiver General proper vouchers that he has done so.

(2) Where a person has failed to comply with a notice served on him under subsection (1) within the time stated therein, the Receiver General shall state an account between such person and Her Majesty, showing the amount of the money not duly paid over, accounted for or applied, as the case may be, and, in the discretion of the Receiver General, charging interest on the whole or any part thereof at the rate of five per cent per annum from such date as the Receiver General may determine, and in any proceedings for the recovery of such money a copy of the account stated by the Receiver General, certified by him, is evidence that the amount stated therein, together with interest, is due and payable to Her Majesty, without proof of the signature of the Receiver General or his official character, and without further proof thereof, and such amount and interest may be recovered as a debt due to Her Majesty. R.S., c. 116, s. 89; 1968-69, c. 27, s. 19.
Evidence

90. Where it appears
(a) by the books or accounts kept by or in the office of any person employed in the collection or management of the revenue, 
(b) in any accounting by such person, or
(c) by his written acknowledgment or confession,
that such person has, by virtue of his office or employment, received money belonging to Her Majesty and has refused or neglected to pay over such money to the proper persons at the proper times, an affidavit deposing to such facts, taken by any person having knowledge thereof, shall, in any proceedings for the recovery of such money, be received in evidence and is primà facie proof of the facts stated therein. R.S., c. 116, s. 90.

Liability for loss

91. Where by reason of any malfeasance, wilful neglect of duty or gross negligence by any person employed in collecting or receiving any public money, any sum of money is lost to Her Majesty, that person is accountable for such sum as if he had collected and received it and it may be recovered from him as if he had collected and received it. R.S., c. 116, s. 91.

Offences

92. Every officer or person acting in any office or employment connected with the collection, management or disbursement of public money who
(a) receives any compensation or reward for the performance of any official duty, except as by law prescribed,
(b) conspires or colludes with any other person to defraud Her Majesty, or makes opportunity for any person to defraud Her Majesty,
(c) designedly permits any violation of the law by any other person,
(d) wilfully makes or signs any false entry in any book, or wilfully makes or signs any false certificate or return in any case in which it is his duty to make an entry, certificate or return,
(e) having knowledge or information of the violation of any revenue law by any person, or of fraud committed by any person against Her Majesty. S.R., c. 116, art. 89; 1968-69, c. 27, art. 19.

Preuve

90. Lorsqu'il apparaît
(a) des livres ou comptes tenus par une personne, ou dans le bureau d'une personne, employée à la perception ou gestion du revenu,
(b) de tout compte rendu par cette personne, ou
(c) de son admission écrite ou de son aveu écrit,
que cette personne, en vertu de sa charge ou de son emploi, a reçu de l'argent appartenant à Sa Majesté et a refusé ou négligé de le verser aux personnes voulu es et aux époques réglementaires, un affidavit portant sur ces faits, souscrit par toute personne qui les connaît, constitue, dans les procédures en recouvrement de cet argent, une preuve des faits énoncés. S.R., c. 116, art. 90.

Responsabilité des pertes

91. Si, en raison d'un acte illégal, d'une négligence volontaire de ses devoirs ou d'une insouciance flagrante par une personne employée à la perception ou réception de deniers publics, une somme d'argent se trouve perdue pour Sa Majesté, cette personne est responsable de la somme ainsi perdue comme si elle l'eût perçue et reçue, et ladite somme peut être recouvrée d'elle comme si elle l'avait perçue et reçue. S.R., c. 116, art. 91.

Infractions

92. Tout fonctionnaire ou individu qui occupe quelque charge ou emploi se rattachant à la perception, à la gestion ou au déboursement de deniers publics, et qui
(a) reçoit quelque rémunération ou récompense pour l'accomplissement d'un devoir de sa charge, sauf ce que prescrit la loi,
(b) conspirer ou agir collusoirement avec quelque autre personne dans l'intention de frauder Sa Majesté, ou fournit à quelque personne l'occasion de frauder Sa Majesté,
(c) permet à dessein une contravention à la loi par quelque autre personne,
(d) fait ou signe volontairement une fausse écriture dans un livre, ou fait ou signe volontairement un faux certificat ou rapport dans un cas où il est de son devoir de faire quelque écriture, certificat ou rapport,
(e) ayant connaissance ou étant informé d'une contravention à une loi de revenu par quelque personne, ou d'une fraude
Her Majesty, under any revenue law of Canada, fails to report, in writing, such knowledge or information to his superior officer, or

(f) demands or accepts or attempts to collect, directly or indirectly, as payment or gift or otherwise, any sum of money, or other thing of value, for the compromise, adjustment or settlement of any charge or complaint for any violation or alleged violation of law,

is guilty of an indictable offence, and is liable on conviction to a fine not exceeding five hundred dollars, and to imprisonment for any term not exceeding five years. R.S., c. 116, s. 92.

93. Every person who

(a) promises, offers or gives any bribe to any officer or any person acting in any office or employment connected with the collection, management or disbursement of public money, with intent

(i) to influence his decision or action on any question or matter that is then pending, or may, by law, be brought before him in his official capacity, or

(ii) to influence such officer or person to commit, or aid or abet in committing any fraud on the revenue, or to connive at, collude in, or allow or permit any opportunity for the commission of any such fraud, or

(b) accepts or receives any such bribe,

is guilty of an indictable offence, and is liable on conviction to a fine not exceeding three times the amount so offered or accepted, and to imprisonment for any term not exceeding five years. R.S., c. 116, s. 93.

94. All books, papers, accounts and documents kept or used by, or received or taken into the possession of any person who is or has been employed in the collection or management of the revenue or in accounting for the revenue, by virtue of that employment, shall be deemed to be chattels belonging to Her Majesty; and all money or valuable securities received or taken into the possession of any such officer or person by virtue of his employment shall be deemed to be money and valuable securities belonging to Her Majesty. R.S., c. 116, s. 94.
PART XII
MISCELLANEOUS

95. (1) Where, in the opinion of the Minister of Justice, any person is indebted to Her Majesty in right of Canada in any specific sum of money, the Treasury Board may authorize the Receiver General to retain by way of deduction or set-off the amount of any such indebtedness out of any sum of money that may be due or payable by Her Majesty in right of Canada to such person.

(2) Notwithstanding subsection (1), the Receiver General may recover any overpayment made out of the Consolidated Revenue Fund on account of salary, wages, pay or pay and allowances out of any sum of money that may be due or payable by Her Majesty in right of Canada to the person to whom such overpayment was made.

(3) Where, in the opinion of the Minister of Justice, any person is indebted in any specific sum of money on account of taxes payable to any province, and an agreement exists between Canada and the province whereby Canada is authorized to collect the tax on behalf of the province, the Treasury Board may authorize the Receiver General to retain by way of deduction or set-off, out of any sum of money that may be due or payable by Her Majesty in right of Canada to such person, the amount of such indebtedness, but the amount so retained shall not exceed the amount that might under the laws of the province be seized or attached under execution or garnishee proceedings.

(4) Where, in the opinion of the Minister, (a) any person is indebted to a province in any specific sum of money by reason of his having received from the province a payment, in respect of which Canada has contributed under any Act, to which he was not entitled, and (b) the province has made reasonable efforts to effect recovery of the amount of such indebtedness, the Treasury Board may authorize the Receiver General to retain by way of deduction or set-off the amount of such indebtedness out of any sum of money that

DISPOSITIONS DIVERSES

95. (1) Lorsque, de l’avis du ministre de la Justice, une personne doit à Sa Majesté du chef du Canada, une somme d’argent déterminée, le conseil du Trésor peut autoriser le receveur général à retenir, par voie de déduction ou compensation, le montant de cette dette sur toute somme d’argent qui peut être due ou payable à cette personne par Sa Majesté du chef du Canada.

(2) Nonobstant le paragraphe (1), il est loisible au receveur général de recouvrer, sur toute somme d’argent qui peut être due ou payable par Sa Majesté du chef du Canada à une personne à qui un paiement en trop a été fait, tout semblable paiement prélevé sur le Fonds du revenu consolidé au titre des traitements, des salaires, de la solde ou de la solde et des allocations.

(3) Si, suivant l’opinion du ministre de la Justice, une personne doit une somme d’argent déterminée au titre d’impôts payables à une province, et s’il existe entre le Canada et la province une convention d’après laquelle le Canada est autorisé à percevoir l’impôt pour le compte de la province, le conseil du Trésor peut autoriser le receveur général à retenir, par voie de déduction ou compensation, le montant de la dette en question, sur toute somme d’argent due ou payable à ladite personne par Sa Majesté du chef du Canada, mais le montant ainsi retenu ne doit pas excéder celui qui, aux termes des lois de la province, pourrait être saisi ou frappé de saisie-arrest en vertu de procédures en exécution ou saisie-arrest.

(4) Lorsque, de l’avis du Ministre, (a) une personne doit à une province une somme d’argent déterminée en raison du fait qu’elle a reçu de la province un paiement à l’égard duquel le Canada a contribué selon quelque loi et auquel cette personne n’avait pas droit, et (b) la province a fait des efforts raisonnables en vue de recouvrer le montant de cette dette, le conseil du Trésor peut autoriser le receveur général à retenir, par voie de déduction ou compensation, le montant de la dette en question, sur toute somme d’argent due et
may be due and payable by Her Majesty in right of Canada to such person, and the amount so deducted less the portion thereof that in the opinion of the Receiver General is proportionate to the contribution in respect thereof made by Canada, may be paid to the province out of the Consolidated Revenue Fund. R.S., c. 116, s. 95; 1960-61, c. 48, s. 6; 1968-69, c. 27, s. 19.

96. Whenever it appears to the Governor in Council that any account, statement, return or document required by any Act of Parliament or otherwise to be laid before one or both Houses of Parliament contains the same information as or less information than is contained in the Public Accounts, the Governor in Council may direct that the account, statement, return or other document be discontinued, and thereafter it need not be prepared or laid before either House of Parliament. R.S., c. 116, s. 96.

97. A document purporting to be a copy of an entry in the records of the Treasury Board certified by the Secretary or an Assistant Secretary of the Treasury Board is, without proof of the signature or of the official character of the person purporting to have signed it, admissible in any court of justice and has the same probative force as the original document would have if it were proven in the ordinary way. 1966-67, c. 74, s. 17.

98. (1) There shall be established in the Consolidated Revenue Fund a special account to be known as the Public Officers Guarantee Account to which shall be transferred or credited, in accordance with the regulations,

(a) the balance of the Government Officers Guarantee Fund;
(b) amounts paid by departments by way of premiums; and
(c) amounts recovered by Her Majesty in respect of payments out of the Public Officers Guarantee Account or the Government Officers Guarantee Fund;

and payment may be made out of that account, in accordance with the regulations, by way of indemnity for losses suffered by Her Majesty or others by reason of defalcations or other fraudulent acts or omissions of public officers.

98. (1) Est établi, au Fonds du revenu consolidé, un compte spécial appelé Compte de garantie des fonctionnaires publics, auquel sont transportés ou crédités, en conformité des règlements,

a) le solde de la Caisse de garantie des fonctionnaires de l'État;
b) les montants payés par les départements sous forme de primes; et
c) les sommes recouvrées par Sa Majesté à l'égard de paiements faits sur le Compte de garantie des fonctionnaires publics ou la Caisse de garantie des fonctionnaires de l'État;

et il peut être payé sur ledit compte, selon les règlements, des montants à titre d'indemnisation des pertes subies par Sa Majesté ou autres en raison de détournements de fonds ou autres omissions ou actes frauduleux par des fonc-
Regulations

(2) The Treasury Board may make regulations
(a) prescribing the conditions upon which payments may be made out of the Public Officers Guarantee Account;
(b) requiring departments to deposit amounts to the credit of that account; and
(c) governing the operation of that account by the Receiver General.

Reporting

(3) Every payment out of the Public Officers Guarantee Account and the amount of every loss suffered by Her Majesty by reason of defalcations or other fraudulent acts or omissions of a public officer, together with a statement of the circumstances, shall be reported annually in the Public Accounts. R.S., c. 116, s. 98; 1968-69, c. 27, s. 19.

No charge for certain cheques

99. No bank shall make a charge for cashing a cheque or other instrument drawn on the Receiver General or on his account in the Bank of Canada or any other bank, or for cashing any other instrument issued as authority for the payment of money out of the Consolidated Revenue Fund, or in respect of any cheque or other instrument drawn in favour of the Receiver General, the Government of Canada or any department thereof or any public officer in his capacity as such, and tendered for deposit to the credit of the Receiver General. R.S., c. 116, s. 99.

Regulations

100. The Governor in Council may make regulations for carrying the purposes and provisions of this Act into effect. R.S., c. 116, s. 100.
### SCHEDULE A

| Department of Agriculture | Ministère de l'Agriculture |
| Department of Communications | Ministère des Communications |
| Department of Consumer and Corporate Affairs | Ministère de la Consommation et des Corporations |
| Department of Energy, Mines and Resources | Ministère de l'Énergie, des Mines et des Ressources |
| Department of External Affairs | Ministère des Affaires extérieures |
| Department of Finance | Ministère des Finances |
| Department of Fisheries and Forestry | Ministère des Pêches et Forêts |
| Department of Indian Affairs and Northern Development | Ministère des Affaires indiennes et du Nord canadien |
| Department of Industry, Trade and Commerce | Ministère de l'Industrie et du Commerce |
| Department of Insurance | Département des Assurances |
| Department of Justice | Ministère de la Justice |
| Department of Labour | Ministère du Travail |
| Department of Manpower and Immigration | Ministère de la Main-d'œuvre et de l'Immigration |
| Department of National Defence | Ministère de la Défense nationale |
| Department of National Health and Welfare | Ministère de la Santé nationale et du Bien-être social |
| Department of National Revenue | Ministère du Revenu national |
| Post Office Department | Ministère des Postes |
| Department of Public Works | Ministère des Travaux publics |
| Department of Regional Economic Expansion | Ministère de l'Expansion économique régionale |
| Department of the Secretary of State of Canada | Secrétariat d'État du Canada |
| Department of Supply and Services | Ministère des Approvisionnements et Services |
| Department of the Solicitor General | Ministère du Soliciteur général |
| Department of Transport | Ministère des Transports |
| Treasury Board | Conseil du Trésor |
| Department of Veterans Affairs | Ministère des Affaires des anciens combattants |

1960, c. 41, s. 16; 1963, c. 3, s. 18; 1966-67, c. 25, s. 33; 1967-68, c. 16, s. 13; 1968-69, c. 27, s. 20.

### ANNEXE A

| Office de stabilisation des prix agricoles | Ministère des Affaires des anciens combattants |
| Commission de contrôle de l'énergie atomique | Ministère des Approvisionnements et Services |
| Directeur de l'établissement de soldats | Ministère du Soliciteur général |
| Directeur des terres destinées aux anciens combattants | Ministère des Transports |
| Office fédéral du charbon | Conseil du Trésor |
| Conseil économique du Canada | Ministère des Affaires des anciens combattants |
| Office des prix des produits de la pêche | Ministère des Travaux publics |
| Conseil des recherches médicales | Ministère de la Santé nationale et du Bien-être social |
| Office du développement et des prêt aux municipalités | Ministère des Travaux publics |
| Galerie nationale du Canada | Ministère de la Santé nationale et du Bien-être social |
| Musées nationaux du Canada | Ministère des Travaux publics |
| Conseil national de recherches du Canada | Ministère de la Santé nationale et du Bien-être social |
| Conseil des Sciences du Canada | Ministère des Travaux publics |
| Commission d’assurance-chômage | Ministère des Travaux publics |

S.R., c. 116, annexe B; 1957-58, c. 22, art. 15; DORS/63-430, 431; DORS/68-151; DORS/69-257, 305.

### SCHEDULE B

| Agricultural Stabilization Board | R.S., c. 116, Sch. B; 1957-58, c. 22, s. 15; SOR/63-430, 431; SOR/68-151; SOR/69-257, 305. |
| Atomic Energy Control Board | | |
| Director of Soldier Settlement | | |
| The Director, The Veterans' Land Act | | |
| Dominion Coal Board | | |
| Economic Council of Canada | | |
| Fisheries Prices Support Board | | |
| Medical Research Council | | |
| Municipal Development and Loan Board | | |
| National Gallery of Canada | | |
| National Museums of Canada | | |
| National Research Council of Canada | | |
| Science Council of Canada | | |
| Unemployment Insurance Commission | | |
| R.S., c. 116, Sch. B; 1957-58, c. 22, s. 15; SOR/63-430, 431; SOR/68-151; SOR/69-257, 305. | | |

### ANNEXE B

| Office de stabilisation des prix agricoles | | |
| Commission de contrôle de l'énergie atomique | | |
| Directeur de l'établissement de soldats | | |
| Directeur des terres destinées aux anciens combattants | | |
| Office fédéral du charbon | | |
| Conseil économique du Canada | | |
| Office des prix des produits de la pêche | | |
| Conseil des recherches médicales | | |
| Office du développement et des prêt aux municipalités | | |
| Galerie nationale du Canada | | |
| Musées nationaux du Canada | | |
| Conseil national de recherches du Canada | | |
| Conseil des Sciences du Canada | | |
| Commission d’assurance-chômage | | |

S.R., c. 116, annexe B; 1957-58, c. 22, art. 15; DORS/63-430, 431; DORS/68-151; DORS/69-257, 305.

### SCHEDULE C

| Atomic Energy of Canada Limited | Énergie atomique du Canada, Limitée |
| Canadian Arsenals Limited | Les Arsenaux canadiens Limitée |
| Canadian Commercial Corporation | Corporation commerciale canadienne |
| Canadian Dairy Commission | Commission canadienne du lait |
| Canadian Film Development Corporation | Société de développement de l'industrie cinématographique canadienne |
| Canadian Livestock Feed Board | Office canadien des provendes |
| Canadian National (West Indies) Steamships, Limited | Canadian National (West Indies) Steamships Limited |
| Canadian Patents and Development Limited | Société canadienne des brevets et d'exploitation Limitée |
| Centennial Commission | Commission du Centenaire |
| Crown Assets Disposal Corporation | Corporation des dispositions des biens de la Couronne |
| Defence Construction (1951) Limited | Construction de défense (1951) Limitée |
| National Battlefields Commission | Commission des champs de bataille nationaux |
| National Capital Commission | Commission de la Capitale nationale |
| National Harbours Board | | |

| | | |
| | |
SCHEDULE D

Air Canada
Canada Deposit Insurance Corporation
Canadian Broadcasting Corporation
Canadian Overseas Telecommunication Corporation
Cape Breton Development Corporation
Central Mortgage and Housing Corporation
Eldorado Aviation Limited
Eldorado Nuclear Limited
Export Development Corporation
Farm Credit Corporation
National Railways as defined in the
Canadian National-Canadian Pacific Act, chapter 39 of the
Revised Statutes of Canada, 1952
Northern Transportation Company Limited
Polymer Corporation Limited
The St. Lawrence Seaway Authority
The Seaway International Bridge Corporation, Ltd.

R.S., c. 116, Sch. D; 1967-68, c. 6, s. 31; 1968-69, c. 39, s. 38;
SOR Con. 1955 Vol. 2, p. 1400; SOR/55-224; SOR/59-174;
SOR/65-401; SOR/69-262, 484.

ANNEXE D

Air Canada
Société d’assurance-dépôts du Canada
Société Radio-Canada
Société canadienne des télécommunications transmarines
Société de développement du Cap Breton
Société centrale d’hypothèques et de logement
Eldorado Aviation Limitée
Eldorado Nucléaire Limitée
Société pour l’expansion des exportations
Société du crédit agricole
Chemins de fer nationaux, selon la définition qu’en donne la
Loi sur le National-Canadien et le Pacifique-Canadien, chapitre 39 des Statuts revisés du Canada de 1952
La Société des transports du nord Limitée
Société Polymer Limitée
The Seaway International Bridge Corporation Ltd.
Administration de la voie maritime du Saint-Laurent

R.S., c. 116, annexe D; 1967-68, c. 6, art. 31; 1968-69, c. 39,
art. 38; DORS Codif. 1955 Vol. 2, p. 1527; DORS/55-224;
DORS/59-174; DORS/65-401; DORS/69-262, 484.
CHAPTER 11 (2nd Supp.)

An Act to amend the Financial Administration Act

[1970-71-72, c. 55]

1. Subsection 56(2) of the Financial Administration Act, chapter F-10 of the Revised Statutes of Canada, 1970, is repealed and the following substituted therefor:

"(2) The Auditor General shall be paid a salary equal to the salary of the Chief Justice of the Federal Court of Canada, including any additional salary authorized by section 20 of the Judges Act."

QUEEN'S PRINTER FOR CANADA © IMPRIMEUR DE LA REINE POUR LE CANADA
OTTAWA, 1972

Salary

CHAPITRE 11 (2° Supp.)

Loi modifiant la Loi sur l'administration financière

[1970-71-72, c. 55]

1. Le paragraphe 56(2) de la Loi sur l'administration financière, chapitre F-10 des Statuts revisés du Canada de 1970, est abrogé et remplacé par ce qui suit:

«(2) L'auditeur général touche un traitement égal au traitement du juge en chef de la Cour fédérale du Canada, notamment tout traitement supplémentaire autorisé par l'article 20 de la Loi sur les juges.»
APPENDIX 2

STUDY APPROACH
APPENDIX 2

STUDY APPROACH

THE ISSUE
Autonomy and Accountability In the Crown Corporation Form of Public Enterprise

THE METHOD
Case Study Analysis

THE CONTEXT
British Columbia Development Corporation

THE ASPECTS

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Corporate Entity</td>
<td>The Industrial Development Agency</td>
</tr>
<tr>
<td>- Development Corporation of British Columbia Act, 1973</td>
<td>- Annual Reports of BCDC</td>
</tr>
<tr>
<td>- Financial Administration Act, 1951 (Canada)</td>
<td>- Development Corporation of British Columbia Act, 1973</td>
</tr>
<tr>
<td>- Debates of the Legislative Assembly</td>
<td>- public speeches of the president of BCDC</td>
</tr>
<tr>
<td>- various provincial statutes</td>
<td>- public speeches of the Minister of Economic Development</td>
</tr>
<tr>
<td>- Standing Committee on Public Accounts and Economic Affairs (British Columbia)</td>
<td>- newspaper accounts</td>
</tr>
<tr>
<td>- Function of the Lieutenant-Governor-in-Council</td>
<td>- personal interviews</td>
</tr>
<tr>
<td>- Function of the Minister of Finance</td>
<td>- various literature sources</td>
</tr>
<tr>
<td>- Function of the Auditor General</td>
<td>- various literature sources</td>
</tr>
<tr>
<td>- Function of the Minister of Economic Development</td>
<td>- various literature sources</td>
</tr>
</tbody>
</table>
APPENDIX 3

LIST OF INTERVIEWS
APPENDIX 3

LIST OF INTERVIEWS

British Columbia Development Corporation

Lawrence Moss, Senior Policy Advisor to the President (1 December 1976, Vancouver)

Nicole Tempesta, Public Relations Officer (25 January 1977, Vancouver)

David Korbin, President of BCDC, February 1974 to May 1976 (1 February 1977, Vancouver)

Department of Regional Economic Expansion (Federal)

Tom A. Turner, Development Officer (9 February 1977, Victoria)

Ministry of Agriculture

J.B. Phillips, Head, Farm Products Finance Branch (9 February 1977, Victoria)

Federal Business Development Bank

Bob Berze, Management Services Officer (14 February 1977, Vancouver)

Ministry of Economic Development

Jack McKewan, Assistant Deputy Minister, Business & Industrial Development Branch (16 February 1977, Vancouver)

Susan Sheen, Loans Officer, Small Business Assistance Division (18 May 1977, Vancouver)
APPENDIX 4

PROVINCIAL CORPORATE INDUSTRIAL DEVELOPMENT AGENCIES
AND INDUSTRIAL ASSISTANCE PROGRAMMES IN CANADA, 1972
APPENDIX 4

PROVINCIAL CORPORATE INDUSTRIAL
DEVELOPMENT AGENCIES & INDUSTRIAL
ASSISTANCE PROGRAMMES IN CANADA, 1972.

Sources: "Industrial Assistance Programs in Canada 1972,"
2nd Edition. Commerce Clearing House with
P.E. McQuillan & P.G. Donaldson of Ernst and
Ernst. Don Mills, Ontario, 1972, pages 112 -
165.

[Note: B.C. was not mentioned in this publica-
tion until the 3rd Edition, 1974]

Personal Correspondence with Industrial Develop-
ment Agencies operative in the Canadian pro-
vinces, 1977.
<table>
<thead>
<tr>
<th>Province &amp; Program</th>
<th>Purpose</th>
<th>Administered by</th>
<th>Eligibility</th>
<th>Extent of Assistance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td>To promote the development of resources &amp; diversification of the Alberta economy</td>
<td>Department of Industry &amp; Tourism</td>
<td>Manufacturers &amp; processors</td>
<td>Loans &amp; loan guarantees with emphasis on research &amp; development projects. Business management &amp; consulting</td>
<td>No forgivable loans</td>
</tr>
<tr>
<td>Alberta Local De-</td>
<td>To provide assistance to Alberta industry by working through Alberta communities</td>
<td>Department on Industry &amp; Tourism</td>
<td>Local development companies formed by residents of a specific area</td>
<td>Purchase &amp; lease of industrial sites. Financing of industrial facilities counselling and services</td>
<td>Local development companies so formed will borrow from the Alberta Opportunity Fund</td>
</tr>
<tr>
<td>Manitoba</td>
<td>To attract new industry to Manitoba &amp; to expand existing industry</td>
<td>Department of Industry &amp; Commerce</td>
<td>Manufacturers &amp; processors Tourist &amp; recreation facilities</td>
<td>Primarily mortgage loans but will supply working capital, equity financing with some lease options, guarantees, &amp; acceptances</td>
<td>Lender of last resort. Share capital of the Corporation is $5,000,000 with additional advances &amp; bond guarantees from the Province</td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------------------</td>
<td>----------</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>To assist in the growth of New Brunswick industry</td>
<td>Department of Economic Growth</td>
<td>All companies wishing to establish in the Province or existing companies</td>
<td>Loans &amp; loan guarantees. Administers three industrial parks</td>
<td>Security is usually taken in the form of a first mortgage</td>
</tr>
<tr>
<td>New Brunswick Industrial Finance Board</td>
<td>To assist in the development of New Brunswick</td>
<td>Department of Economic Growth</td>
<td>Only manufacturers primarily concerned with existing industry</td>
<td>Loans &amp; Loan guarantees. Management assistance</td>
<td>Lender of last resort</td>
</tr>
<tr>
<td>New Brunswick Guarantee Loan Board</td>
<td>To assist in the development of New Brunswick</td>
<td>Department of Finance</td>
<td>Any company with a large project</td>
<td>Guarantees very large loans to individual projects</td>
<td>Security is usually taken in the form of a first mortgage</td>
</tr>
<tr>
<td>New Brunswick Research &amp; Productivity Council</td>
<td>To aid local companies in the manufacturing sector</td>
<td>Department of Economic Growth</td>
<td>All companies</td>
<td>Free technical information &amp; some industrial engineering consulting services</td>
<td></td>
</tr>
<tr>
<td>Newfoundland</td>
<td>To provide assistance to existing or potential Newfoundland enterprises</td>
<td>Joint-stock project of DREE &amp; Newfoundland's Department of Industrial Development</td>
<td>All small &amp; medium-sized businesses who wish to locate in Newfoundland</td>
<td>Loan &amp; equity financing &amp; related assistance. Industrial intelligence, management consulting services, &amp; project information</td>
<td>Does not guarantee loans from private credit institutions</td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Nova Scotia Industrial Estates Limited (established 1957: an Advisory Council was established in 1972 to work with IEL's Directors)</td>
<td>To assist in growth of Nova Scotian industry</td>
<td>Department of Trade &amp; Industry</td>
<td>Any secondary industry wishing to establish in Nova Scotia &amp; existing industry located in the Province</td>
<td>100% Financing of land &amp; buildings &amp; 60% of equipment. Also provides loan guarantees &amp; equity capital to small &amp; medium-sized industries. Engaged in secondary manufacturing &amp; related service industries</td>
<td>Emphasis on assisting existing small Nova Scotian industries. First 10 years no tax on land, machinery, or inventories. 1% annual tax on operations.</td>
</tr>
<tr>
<td>Nova Scotia Bonus Act</td>
<td>To provide relief from municipal taxes</td>
<td>Province of Nova Scotia</td>
<td>New &amp; expanding industries in the Province</td>
<td>Either the tax rate is limited or the assessment is limited for a period of 10 years</td>
<td>Special help to IEL clients</td>
</tr>
<tr>
<td>Nova Scotia Industrial Loan Board</td>
<td>To assist the development of industries in Nova Scotia</td>
<td>Department of Development</td>
<td>Any manufacturing or processing industry in the province</td>
<td>Loans cannot exceed 75% of the value of the security taken</td>
<td>All applicants for loans must be referred to the Federal Industrial Development Bank for financing in the first instance</td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Ontario</strong> (Separate corps. expanded to Northern Ontario in 1970; Eastern Ontario in 1973, &amp; Central &amp; Southwest Ontario in 1973) Ontario Development Corp. (established 1966: successor to Ontario Development Agency, established 1962)</td>
<td>To encourage industry to locate in slow growth areas, to replace imports and to increase exports by Ontario companies</td>
<td>Department of Industry &amp; Tourism</td>
<td>Canadian-owned small Ontario companies which are secondary manufacturing or companies developing major tourist attractions</td>
<td>Interest free for loans to a maximum of $100,000 (to $500,000 in Northern &amp; parts of Eastern Ontario). Term loans, mortgages, &amp; working capital loans. Loan guarantees through the chartered banks</td>
<td>Capital cost is reduced by full amount of loan even though loan is not fully forgiven for 6 years</td>
</tr>
<tr>
<td><strong>Fisheries Restructuring loans</strong></td>
<td>To assist commercial fisherman hurt by pollution problems to make capital additions</td>
<td>Ontario Development Corp.</td>
<td>Full time commercial fishermen</td>
<td>Interest free forgiveable loans of 33½% of the project to a maximum of $100,000</td>
<td>Must present a viable plan to fish for &amp; market species not affected by pollution</td>
</tr>
<tr>
<td><strong>Industrial mortgage &amp; leasebacks</strong></td>
<td>To provide term financing through mortgages</td>
<td>Ontario Development Corp.</td>
<td>Any company in a small centre of population in Ontario</td>
<td>Term loans to a maximum of $500,000, repayment over 20 years</td>
<td>Corporation has broader terms of reference in Northern Ontario</td>
</tr>
<tr>
<td><strong>Leasebacks</strong></td>
<td>To provide facilities to companies</td>
<td>Ontario Development Corp.</td>
<td>Any company locating in a slow growth area</td>
<td>ODC may buy or build land &amp; buildings for lease or rent to companies</td>
<td>Highly specialized facilities are seldom made so available</td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Export Support Program</td>
<td>To supplement the services of the Export Development Corporation. (federal government.)</td>
<td>Ontario Development Corporation</td>
<td>Ontario based companies exporting goods of Canadian content &amp; unable to obtain other means of export financing</td>
<td>Term loans for financing of export sales; inventories held for export or production for export</td>
<td>Repayment is normally made by the purchaser of the goods directly to the ODC</td>
</tr>
<tr>
<td>Venture Capital for Canadians Fund</td>
<td>To assist small businesses to diversify in Ontario</td>
<td>Ontario Development Corporation</td>
<td>Ontario based small businesses engaged in high technology industries</td>
<td>Term loan to a maximum of $100,000</td>
<td></td>
</tr>
<tr>
<td>Pollution Control Equipment Loans</td>
<td>To provide funds for pollution control equipment</td>
<td>Ontario Development Corporation</td>
<td>Any Ontario-based company</td>
<td>Term loans to a maximum of $250,000 with repayment over 10 years</td>
<td>The equipment must be certified to be operating satisfactorily</td>
</tr>
<tr>
<td>Loans to small businesses</td>
<td>To assist small businesses to expand in Ontario</td>
<td>Ontario Development Corporation</td>
<td>Ontario-based Canadian-owned small businesses</td>
<td>Term loan to a maximum of $50,000; 10 year repayment period</td>
<td>Owner's investment in small business cannot exceed $300,000</td>
</tr>
<tr>
<td>Tourist Industry Loans</td>
<td>To improve the Ontario tourist industry</td>
<td>Ontario Development Corporation</td>
<td>Resort operator located in a tourist area</td>
<td>Term loans to a maximum of $75,000; 15 year repayment period</td>
<td>Tourism must be of prime importance to locality</td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>----------------------------------------</td>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ontario Industrial Training Program</td>
<td>To teach trainees different skills</td>
<td>Ministry of Colleges &amp; Universities</td>
<td>Any company needing skilled workers</td>
<td>Grants of up to 100% of the instructor's salary &amp; up to 50% of the employee's salary</td>
<td>Grants are renegotiated yearly</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ontario Investment Tax Credit</td>
<td>To stimulate investment in machinery &amp; equipment</td>
<td>Department of Revenue</td>
<td>Any corporation using the prescribed assets in Ontario</td>
<td>5% of capital cost of machinery &amp; equipment between 6/4/71 and 1/4/73 is deductible from Ontario corporation income tax otherwise payable</td>
<td>Deductible only from Corporation Income Tax not from Capital Tax</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ontario Pollution Abatement Incentives Act</td>
<td>To provide an incentive for the abatement of pollution</td>
<td>Ministry of Natural Resources</td>
<td>Virtually any owner of a source of pollution (except automobiles)</td>
<td>Grants equal to retail sales tax paid on pollution abatement equipment</td>
<td>Portion of retail sales tax covered by grant is discretionary</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prince Edward Island P.E.I. Lending Authority (established 1969: assumed the portfolio of P.E.I. Industrial Corp., established 1965)</td>
<td>To expand the economy of P.E.I. through assistance to the primary industries within the province</td>
<td>Department of Industry and Commerce</td>
<td>Any resident agriculture, fishing or tourist operations; or service industry which provides goods or services to these sectors</td>
<td>Provides financial assistance which includes operating credit and capital loans</td>
<td>Does not take an equity position</td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------</td>
<td>----------------</td>
<td>-------------</td>
<td>---------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Quebec</td>
<td>To contribute to economic expansion, to create employment, &amp; to induce the people of Quebec to place their savings in industrial development</td>
<td>General Investment Corporation of Quebec, transferred in 1972 to the Department of Industry &amp; Commerce under Bill No. 75</td>
<td>All types of industries which exhibit potential for growth &amp; development &amp; which are located in Quebec</td>
<td>Acquire equity interests in established Quebec industries through use of private corporate investment funds. Govt. Funds are specifically allocated to the creation of new industrial enterprises which utilize and process the natural resources of Quebec</td>
<td>GIC has experienced continual financial difficulty since its inception; it was the sole provincial corp. which grouped private &amp; govt. capital. $20 million was original Quebec Govt. Capital participation with $1 million from public share participation. In 1973, Quebec Govt. acquired all the outstanding shares which amounted to 15% of total investment at that time.</td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Quebec Industrial Research Center (established 1969)</td>
<td>The Center was created to contribute to the economic development of Quebec by encouraging innovation within the Quebec manufacturing industry</td>
<td>Department of Industry &amp; Commerce</td>
<td>Any enterprise operating in, or about to operate in, Quebec which requires assistance with product, process, market or industrial research</td>
<td>The center undertakes three types of activities: i) research in applied science carried out in its own laboratories or in those of other research centres; ii) the perfecting of industrial or scientific products, processes, and equipment; iii) the gathering &amp; diffusion of technological and industrial information</td>
<td>Financed by subsidy from the Quebec Govt. Other income is from royalty payment for products or processes it has perfected and from fees from professional services and research controls.</td>
</tr>
<tr>
<td>Quebec Industrial Development Corp. (established 1971: formerly the Industrial Funding Office)</td>
<td>To encourage development in Quebec of the manufacturing sector</td>
<td>Department of Industry &amp; Commerce</td>
<td>Secure, competent companies in manufacturing or processing</td>
<td>Low interest loans, loan guarantees, forgiveable loans, &amp; equity investment. Also construction of plants for sale or rent &amp; lease back arrangements</td>
<td>Replaces &amp; extends the services of the Quebec Industry Credit Bureau. The QIDC also promotes the amalgamation of firms.</td>
</tr>
<tr>
<td>Quebec Tax Reduction for manufacturing Industries</td>
<td>To promote industrial development through fiscal advantages</td>
<td>Department of Industry &amp; Commerce</td>
<td>Companies making investments in Quebec over $150,000</td>
<td>Tax reduction up to $10 million</td>
<td></td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Quebec Dept. of Labour Assistance</td>
<td>To help qualified industries employing people on social welfare</td>
<td>Department of Labour &amp; Manpower</td>
<td>Anyone in Quebec making a minimum $50,000 investment for factory &amp; equipment purchase</td>
<td>&quot;Training Premiums&quot; granted on an industry &amp; area basis in Quebec</td>
<td>The premiums are made for the position not the person employed</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development Corp. (established 1963)</td>
<td>To assist in the development of Saskatchewan</td>
<td>Minister of Industry &amp; Commerce</td>
<td>Primarily for industrial enterprises or specialized agricultural operations</td>
<td>Mortgage &amp; working capital loans. Will acquire industrial sites for client &amp; offers some technical training services</td>
<td>In 1972, the terms of reference of the corporation were expanded to include assistance to virtually every type of business or industry</td>
</tr>
<tr>
<td>Saskatchewan Industry Incentives Act (1970)</td>
<td>To assist in the development of Saskatchewan</td>
<td>Department of Industry &amp; Commerce</td>
<td>Manufacturers who wish to establish or expand in the Province</td>
<td>Six year interest free loans which are forgiven at 10% year</td>
<td>Security required</td>
</tr>
<tr>
<td>Saskatchewan Industry &amp; Commerce Development Act (1972)</td>
<td>To create new business opportunities &amp; revitalize existing enterprise, including tourism</td>
<td>Minister of Industry &amp; Commerce</td>
<td>Not yet established as of 1972</td>
<td>Loans or grants, consulting services, &amp; market promotion of goods &amp; services</td>
<td></td>
</tr>
<tr>
<td>Province &amp; Program</td>
<td>Purpose</td>
<td>Administered by</td>
<td>Eligibility</td>
<td>Extent of Assistance</td>
<td>Comments</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Government of the Northwest Territories</td>
<td>Small Business Loan Fund</td>
<td>To assist business enterprises in the Northwest Territories</td>
<td>Department of Economic Development</td>
<td>Small businesses in the Territories which show a management capability</td>
<td>Loans may only be borrowed to acquire land, buildings, and/or equipment</td>
</tr>
<tr>
<td>Great Slave Lake Fisherman's Loan Fund</td>
<td>To assist commercial or prospective fisherman who will fish on Great Slave Lake</td>
<td>Department of Economic Development</td>
<td>A licensed fisherman who has resided in the Territories for one year</td>
<td>Guaranteed bank loans for a number of purposes</td>
<td>Under certain circumstances the residency clause will be waived</td>
</tr>
<tr>
<td>Eskimo Loan Fund</td>
<td>To assist Eskimos to better their economic circumstances</td>
<td>Department of Economic Development</td>
<td>Individual Eskimos or groups composed mostly of Eskimos</td>
<td>Loans available for a number of purposes</td>
<td></td>
</tr>
<tr>
<td>Indian Economic Development Fund</td>
<td>To ensure that Indian business people have access to basic financing &amp; professional services necessary to operate their business</td>
<td>Department of Economic Development</td>
<td>Indian peoples, groups, individuals who contribute to the economic development of the Indian</td>
<td>Loans to provide job opportunities. Grants also available for infrastructure, economic planning, start-up costs, support services, etc.</td>
<td>Assistance not available to construct community facilities such as ice rinks or cultural centres</td>
</tr>
</tbody>
</table>
APPENDIX 5

DEFINITION OF EQUITY FINANCE
Financing a business can entail two kinds of capital:

"Equity capital is money invested in an enterprise by the sole owner, partners or shareholders in the hope of deriving profits from the venture. No interest is paid on this type of capital and there is no legal requirement to repay it to the investors.

Loan capital represents funds advanced to a business by individuals or organizations. Interest must be paid on funds obtained from such sources and the amount borrowed must be repaid in accordance with the terms of the lending agreement.

...the same sources of equity capital are not normally available to sole proprietorships and partnerships, as compared with incorporated businesses. This is partly due to differences in the degree of liability of owners, partners and shareholders, respectively."

APPENDIX 6

BILL 6, 1973
HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:—

1. In this Act
   (a) "board" means the board of directors of the corporation;
   (b) "chairman" means the chairman of the corporation appointed pursuant to section 7;
   (c) "corporation" means the British Columbia Development Corporation;
   (d) "director" means a director of the corporation appointed pursuant to section 2;
   (e) "general manager" means the general manager of the corporation appointed pursuant to section 7;
   (f) "loan committee" means the loan committee established under section 10;
   (g) "minister" means the Minister of Finance;
   (h) "regulation" means regulations, rules, or orders made by the Lieutenant-Governor in Council under this Act;
   (i) "secondary industry" means an enterprise carrying on any industry, trade, business or other undertaking of any kind whatsoever in processing the natural resources of the Province, including agricultural resources, or creating or expanding a service industry.

2. (1) There is hereby established a corporation to be known as the British Columbia Development Corporation consisting of seven directors appointed by the Lieutenant-Governor in Council, to hold office during pleasure, of whom one may be a member of the civil service of the Province.
   (2) Each director shall be reimbursed by the corporation for any reasonable travelling and other out of pocket expenses necessarily incurred by him in discharging his duties; and, in addition, any director, other than the chairman or general manager, but not including a person who is a member of the civil service, may be paid and accept, as remuneration for his services, such daily or periodical amounts as are fixed by bylaw of the board.

3. (1) The capital of the corporation is fifty million dollars divided into five hundred thousand shares each having a par value of one hundred dollars.
   (2) From and out of the Consolidated Revenue Fund, or out of the Revenue Surplus Appropriation Account of the Consolidated Revenue Fund, or partly from the Consolidated Revenue Fund and partly from the Revenue
Surplus Appropriation Account, the minister shall purchase such shares of the corporation for an amount equal to their par value as the Lieutenant-Governor in Council may authorize from time to time.

(3) Subject as herein provided, the shares in the corporation shall be issued to and registered in the name of the minister, and shall be held by him on behalf of Her Majesty in right of the Province of British Columbia.

4. (1) The corporation is, for all purposes, an agent of Her Majesty in right of the Province and its powers may be exercised only as agent of Her Majesty.

(2) The corporation, on behalf of Her Majesty, may contract in its corporate name without specific reference to Her Majesty.

5. The object of the corporation is to create employment in the Province by encouraging and assisting in the development of secondary industries operating solely within the Province and, to that end,

(a) to provide financial or other assistance to secondary industries to be established or expanded in the Province by way of loan; and

(b) to encourage the owners of capital to invest funds in new secondary industries in the Province.

6. (1) Notwithstanding any other Act, the corporation, for the purpose of carrying out its objects set out in section 5 may

(a) lend money to a person for the purpose of establishing or expanding a secondary industry in the Province;

(b) take security by way of mortgage, charge, hypothecation or assignment of or on real personal property or otherwise; and

(c) acquire, accept, and hold, exchange, transfer, assign, sell, dispose of or deal in by way of security all kinds of bills, notes, negotiable instruments, commercial paper, conditional sale agreements, lien notes, hire purchase agreements, chattel mortgages, bills of lading, bills of sale, warehouse receipts, guarantees, choses in action or instruments of assignment, conveyance, mortgage, pledge, charge or hypothecation, and shares, stocks, bonds, debentures, debenture stocks, securities, obligations, agreements and evidences of debt;

(2) The powers conferred by clause (a) shall only be exercised with the approval of the Lieutenant-Governor in Council.

7. (1) The directors for the time being appointed under section 2 constitute the board.

(2) A majority of the directors for the time being constitute a quorum at meetings of the board.

(3) The board shall meet at least quarterly and shall manage and administer, or supervise the management and administration of, the business and affairs of the corporation, and may
(a) exercise the powers conferred on it by this Act, or regulations;
(b) exercise the powers of the corporation on behalf of the corporation; and
(c) delegate the performance or exercise of any duty or power conferred or imposed on it to the general manager employed by the corporation.

(4) Except as otherwise provided, the chairman, appointed under this section, shall preside at all meetings of the board.

(5) The Lieutenant-Governor in Council shall appoint one of the directors to be chairman and shall appoint a general manager to hold office during the pleasure of the Lieutenant-Governor in Council and, notwithstanding any other Act of the Legislature, the Lieutenant-Governor in Council shall fix the salary to be paid the chairman or to the general manager by the corporation.

8. (1) The board may pass by-laws for the following purposes:
(a) To determine the terms and conditions upon which loans generally, or any class of loans, may be made and the security to be given therefor.
(b) Subject to section 23, to select the chartered banks, trust companies, credit unions or other financial institutions in which the moneys of the corporation shall be kept.
(c) To direct the manner in which the books and accounts of the corporation shall be kept.
(d) To prescribe the form in which applications for loans shall be made and the basic or minimum information to be furnished by applicants.
(e) To regulate its own procedure.
(f) To carry out any other provision of this Act for which a by-law is required.

(2) Any by-law enacted by the board becomes effective and valid only after it has been approved by the Lieutenant-Governor in Council.

(3) The affirmative votes of a majority of the directors present at a meeting at which a quorum is present are sufficient to pass any by-law.

9. (1) The chairman is the chief executive officer of the corporation and, subject to regulatory by-laws of the corporation, is responsible for the management, direction, and control of the operations of the corporation and the day to day administration of its affairs; and he has general supervision and authority over its officers.

(2) While the board or the loan committee is not in session, the chairman may exercise the powers conferred upon the corporation by this Act or by regulations made hereunder; and he shall report thereon to the board or to the loan committee at its next following regular meeting.
10. (1) The loan committee of the corporation is established consisting of
   (a) the chairman of the board;
   (b) three other directors to be appointed by resolution of the board.

   (2) Subject to the by-laws of the corporation, the loan committee is
       competent to deal with any matter within the competence of the board
       and shall submit minutes of its proceedings to the board at its next following
       meeting.

   (3) The chairman or acting chairman, as the case may be, shall preside at
       all meetings of the loan committee.

   (4) Two members including the chairman constitute a quorum of the loan
       committee.

11. (1) The corporation may appoint such officers and employees as it
       considers necessary for the transaction of its business and may define their
       duties, determine their compensation and provide a system of organization to
       fix responsibility and promote efficiency.

   (2) The corporation may require a bond under the Security Bonding Act
       from such officers and employees as it may designate.

12. The minister is the fiscal agent of the corporation.

13. Subject to any restrictions that may be placed thereon from time to
    time by the Lieutenant-Governor in Council, the corporation may, from time
    to time, borrow or raise money for its temporary purposes by way of
    overdraft, line of credit, or loan, or otherwise, upon the credit of the
    corporation in such amounts, upon such terms, for such periods, and upon
    such conditions as the corporation may determine; and the Government may,
    on such terms as may be approved by the Lieutenant-Governor in Council,
    guarantee the payment of the principal and interest on any borrowings of the
    corporation.

14. To the extent permitted by this Act and by any other Act of the
    Legislature, the Lieutenant-Governor in Council may authorize the minister
    to advance moneys to the corporation for its temporary purposes out of the
    Consolidated Revenue Fund, or the Revenue Surplus Appropriation Account
    of the Consolidated Revenue Fund, or partly from the Consolidated Revenue
    Fund and partly from the Revenue Surplus Appropriation Account, upon
    such terms as the Lieutenant-Governor in Council may determine.

15. (1) Subject to the approval of the Lieutenant-Governor in Council,
       and subject to subsection (2), the corporation may
       (a) raise money in lawful money of Canada by way of loan on the
           credit of the corporation;
       (b) limit or increase the amount to be raised;
       (c) issue notes, bonds, debentures, or other securities of the
           corporation;
for the purposes of the corporation; and, through the minister as its agent in
that behalf, it may

(d) sell or otherwise dispose of the notes, bonds, debentures, or
securities, for such sums, and at such prices as are considered
advisable;

(e) raise money by way of loan on any such securities; and

(f) do any of those things.

(2) The notes, bonds, debentures and other securities, the issue of which is
authorized by subsection (1), shall be in such form, shall bear such rate of
interest, and shall be payable or redeemable in advance of maturity, as to
principal and interest and premium, in the currencies of such countries, in
such amounts or prices, in such manner, and at such times, in all respects as
the Lieutenant-Governor in Council may determine.

(3) The notes, bonds, debentures and other securities authorized by
subsection (1) shall bear the seal of the corporation, which may be impressed
thereon or may be engraved, lithographed, printed or otherwise mechanically
reproduced thereon and, together with any coupons attached thereto, shall
bear the manual, engraved, lithographed, printed or otherwise mechanically
reproduced signatures of the chairman and of the secretary of the
corporation; and any such mechanically reproduced seal and signatures are,
for all purposes, valid and binding upon the corporation if the note, bond,
debenture or other security bearing them, or to which the coupon bearing
them is attached, is countersigned by an officer appointed by the corporation
for that purpose, notwithstanding that the person whose signature is so
reproduced may not have held office at the date of the notes, bonds,
debentures or other securities or at the date of the delivery thereof and
notwithstanding that the person who holds any such office at the time when
any such signature is affixed is not the person who holds that office at the
date of the notes, bonds, debentures or other securities or at the date of the
delivery thereof.

(4) A recital or declaration in the resolution or minutes of the corporation
authorizing the issue or sale of notes, bonds, debentures or other securities to
the effect that the amount of notes, bonds, debentures or other securities so
authorized is necessary to realize the net sum authorized or required to be
raised is conclusive evidence of that fact.

16. (1) The Government may, on such terms as may be approved by the
Lieutenant-Governor in Council, guarantee the payment of the principal,
interest and premium, if any, of any notes, bonds, debentures and other
securities issued by the corporation; and the form and manner of any such
guarantee shall be such as the Lieutenant-Governor in Council may approve.

(2) The guarantee shall be signed by the Minister, or such other officer as
may be designated by the Lieutenant-Governor in Council; and upon being
signed, the Government shall be liable for the payment of the principal,
interest and premium, if any, of the notes, bonds, debentures and securities
guaranteed, according to the tenor thereof.
(3) In a case to which subsections (1) and (2) apply, the Lieutenant-Governor in Council may discharge the liability resulting from the guarantee out of the Consolidated Revenue Fund, or out of the proceeds of securities of the Government issued and sold for the purpose; and, in the hands of a holder of any such notes, bonds, debentures or securities of the corporation, a guarantee so signed is conclusive evidence that compliance has been made with the terms of this section.

(4) The signature of the minister or any such officer for which provision is made in subsection (2) may be engraved, lithographed, printed or otherwise mechanically reproduced and the mechanically reproduced signature of any such person shall be conclusively deemed, for all purposes, the signature of that person, and is binding upon the Government, notwithstanding that the person whose signature is so reproduced may not have held office at the date of the notes, bonds, debentures or other securities or at the date of the delivery thereof, and notwithstanding that the person who holds any such office at the time when any such signature is affixed is not the person who holds that office at the date of the notes, bonds, debentures or other securities or at the date of the delivery thereof.

17. The corporation, in addition to the payment of the moneys for which provision is made under other provisions of this Act, may pay the minister such money as it may have available for the repayment of any moneys that have been advanced by the Government to the corporation.

18. Notwithstanding any other provisions to the contrary in this Act, the corporation shall apply the revenues derived by it from its operations in payment, firstly of the costs of administration, including salaries of officers and employees and remuneration of directors.

19. After payment of the costs of administration, the corporation shall apply the remaining balance of the revenues of the corporation firstly in repayment of such part of the moneys borrowed by the corporation as is due and payable, together with interest due and payable on the moneys so borrowed.

20. After making the payments required under sections 18 and 19, the corporation may, subject to the approval of the Lieutenant-Governor in Council, retain any balance of revenues and place them in a reserve for such purpose as it considers necessary or desirable until such time as the reserve reaches an amount that it considers sufficient; but nothing herein prevents the corporation from loaning, under section 6, the moneys allocated to such reserve.

21. (1) The corporation may pay to the minister for investment for the corporation, moneys in any reserve established pursuant to section 20 and
such additional moneys as are not immediately required for the purposes of the corporation and are available for investment.

(2) Moneys paid to the minister for investment pursuant to subsection (1) form part of the Consolidated Revenue Fund, and the interest earnings thereon shall be credited to the account of the corporation; and such earnings, either alone or with the proceeds available from the principal sum invested for the corporation by the minister, or any part thereof, shall be paid over to the corporation by the minister on request of the board.

22. All funds, including borrowings, income and revenue, that come into the hands of the corporation, whether as agent, trustee, owner, or otherwise, shall form one fund, out of which the corporation shall make any expenditures necessary for its purpose, and the corporation shall account for the fund and payments therefrom in its annual report as in this Act provided.

23. (1) The minister shall direct the Comptroller-General to examine and report to him on the financial and accounting operations of the corporation.

(2) The accounts of the corporation shall, at least once in each year, be audited and reported upon by an auditor appointed by the Lieutenant-Governor in Council, and the costs of the audit shall be paid by the corporation.

(3) The Lieutenant-Governor in Council shall appoint the auditor and the bankers of the corporation, who shall hold office during pleasure.

24. The fiscal year of the corporation is a period of twelve months beginning on the first day of April in each year and ending on the thirty-first day of March in the next succeeding year.

25. (1) In making a loan, the corporation shall take into consideration

(a) the new employment likely to be created in the Province by the enterprise in respect of which the loan is sought;
(b) the risk involved;
(c) the effect upon the environment, and the external costs of improving or preserving the environment; and
(d) the social and economic impact of the secondary industry, including any effect upon income levels

and, in fixing the terms and conditions on which the loan is made, the corporation shall take those considerations into account.

(2) In making loans, the corporation shall be guided by merit, and loans shall be available to all citizens and localities of the Province, without discrimination of any kind.

26. The aggregate of the amounts of the loans or liabilities of the corporation and of the expenditures by the corporation for securities and other property held by it, shall not at any time exceed to hundred and fifty million dollars.
27. (1) The corporation shall not make a loan or loans to any one person in which the principal sum or sums to be advanced exceed, in the aggregate, one million dollars; and for the purpose of this section “one person” includes any corporation controlled by that person.

(2) The corporation shall not make a loan on which the principal sum to be advanced is less than one thousand dollars.

(3) The corporation shall not make a loan for a period exceeding twenty-five years.

28. (1) The corporation shall charge interest on moneys advanced by it in respect of loans made under this Act, or on the balance from time to time remaining unpaid thereon, and on any interest that is overdue and unpaid on such moneys, and on any other advances made by the corporation to protect its security, at the following rates:

(a) One per cent per annum during the period of one year from the date of the first advance;

(b) An additional one per cent per annum during the period of each year succeeding the year mentioned in clause (a) up to and including the ninth year from the date of the first advance; and

(c) Thereafter, nine per cent per annum until all sums due and owing are fully paid and satisfied.

(2) The corporation shall accept from borrowers at any time repayment of the whole or any part of the moneys borrowed without requiring notice, and without the payment of a bonus.

29. (1) Before making a loan or giving other financial assistance under this Act, the corporation may secure such reports and appraisals as the board of directors considers necessary.

(2) An applicant for a loan or financial assistance under this Act may be required, if an individual, to appear and, if a company, to cause such of its directors, officers, or employees as the board may designate to appear before the board, the general manager, or such other person or committee as may be designated by the board, to submit evidence as to any matter related to the enterprise in respect of which the application is made, as the board, general manager, committee or other person may require.

31. (1) The corporation shall supervise the expenditure by each borrower of the moneys loaned to him in order to insure that the moneys are duly expended for the purpose for which they were loaned.

(2) A record of the supervision shall be made in the accounts of the corporation respecting each borrower.

(3) If at any time, in the opinion of the board, any money loaned under this Act has not been, or is not being, applied for the purpose for which it was advanced, or is not being carefully and economically expanded, or if the security depreciates in value, the corporation may refuse to make any further
advance and may call in the whole amount then advanced and all interest thereon and declare that amount and interest to be immediately due and payable; whereupon the borrower shall at once repay the moneys borrowed with interest thereon at the rate agreed upon, and in default of payment the corporation has the like remedies for the recovery of the moneys as if the time for repayment thereof has fully arrived.

31. It shall be a term of every loan made that, upon the sale of any land mortgaged to the corporation as security therefor, the loan shall, at the option of the corporation, immediately become due and payable.

32. The corporation shall, from time to time, secure reports as to the condition of any securities taken by it for loans under this Act and as to the progress and prospects of the borrower and of the enterprise in respect of which the loan is made; and for that purpose any governmental agency may cooperate with the corporation by rendering assistance of an advisory, technical, supervisory or other nature that appears calculated to facilitate the success of the borrower or of the enterprise.

33. Nothing herein prevents the corporation from making advances for the purpose of paying insurance premiums, taxes, or other encumbrances; or otherwise to protect any security held in respect of any loan.

34. (1) No loan or other financial assistance shall be made or given to a company, organization, firm, or business of which any director of the corporation is a director, officer, owner, or operator, or in which he has an interest through ownership of capital stock by himself or members of his family or otherwise.

(2) If a question arises as to whether a director has a significant beneficial interest as mentioned in subsection (2), the matter shall be decided by a unanimous vote of the other directors present at a meeting of the board; and their decision is final.

35. The corporation shall not make a loan to any member of the Legislature, directly or indirectly, or to any person acting on his behalf, or to any firm, corporation, or organization in which a member of the Legislature has a significant beneficial interest within the meaning of section 34.

36. (1) Not later than the thirtieth day of June in each year the chairman shall make a report to the board on the operations of the corporation during the fiscal year ending on the thirty-first day of March in that year showing

(a) the amount and nature of assistance, financial or otherwise, granted or to be granted by the corporation, and the parties to whom the assistance was or is to be granted, whether by way of loan, guarantee, lease, grant, investment or otherwise; and

(b) the terms under which the assistance was or is to be granted
and the board shall forthwith forward the report to the minister who shall lay it before the Legislature if it is then in session, and if it is not then in session, within fifteen days after the opening of the next ensuing session.

(2) The minister may at such times and as often as he considers it necessary, require the board to furnish to him such reports or information respecting the business and operations of the corporation as he may direct; and the board shall comply with the requisition.

(3) The minister may, at such times and as often as he considers it necessary, request an independent committee appointed by the Lieutenant-Governor in Council and designated for the purposes of this section by the Lieutenant-Governor in Council, to prepare a special report in respect of an individual loan where he has received a written request from a borrower who believes he has not been fairly treated and the corporation shall provide, with the permission of the borrower, in confidence to such committee details of the loan transaction involved and the actions taken; and the minister shall lay the report of the committee before the Legislature if it is then in session and if it is not then in session, within fifteen days after the opening of the next ensuing session.

(4) The Public Bodies Financial Information Act applies to the corporation.

37. (1) Every director, officer or auditor of the corporation who verifies, or has to do with the delivering or transmitting to the minister of any statement, account, or return required to be furnished to the minister pursuant to this Act and who knows that the statement, account, or return to be false in any material particular is guilty of an offence and is liable, on summary conviction, to imprisonment for not more than five years and not less than six months.

(2) Every person is guilty of an offence and liable, on summary conviction, to imprisonment for not more than two years who wilfully makes any false statement

(a) in any warehouse receipt or bill of lading given to the corporation under the authority of this Act; or

(b) in any instrument given to the corporation under the authority of this Act whereby security for payment of a loan made or guaranteed by the corporation is given to the corporation over goods, wares and merchandise.

(3) Every person who, without the consent in writing of the corporation, uses the name of the corporation in any prospectus or advertisement, is guilty of an offence and is liable, on summary conviction, to a fine not exceeding one thousand dollars or to imprisonment for a term not exceeding two years or to both such a fine and such imprisonment.

38. For the purpose of carrying out the provisions of this Act according to their intent, the Lieutenant-Governor in Council may make such regulations
and orders as are ancillary thereto and not inconsistent therewith and as are considered necessary or advisable; and every regulation and order made under this section shall be deemed a part of the Act and have the force of law.

39. The following Acts do not apply to the corporation:
   (a) The Companies Act;
   (b) The Companies Clauses Act;
   (c) The Mortgage Brokers Act; and
   (d) The Securities Act 1967.
APPENDIX 7

THE DEVELOPMENT CORPORATION OF

BRITISH COLUMBIA ACT, 1973
CHAPTER 27

Development Corporation of British Columbia Act

[Assented to 18th April, 1973.]

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:

1. In this Act, unless the context otherwise requires,
   “board” means the board of directors of the corporation;
   “chairman” means the chairman of the corporation appointed pursuant to section 7;
   “corporation” means the British Columbia Development Corporation;
   “director” means a director of the corporation appointed pursuant to section 7;
   “general manager” means the general manager of the corporation appointed pursuant to section 7;
   “industrial enterprise” means any enterprise or undertaking, including a co-operative enterprise or undertaking, engaging in or carrying on, or proposing to engage in or carry on, in the Province, any industry, trade, business, or other enterprise or undertaking of any kind whatsoever, including, without limiting the generality of the foregoing,
   (i) any form of agriculture;
   (ii) the processing of agricultural products; and
   (iii) any form of the tourist industry;
   “loan and investment committee” means the loan and investment committee established under section 8;
   “minister” means that member of the Executive Council charged by Order of the Lieutenant-Governor in Council with the administration of this Act;
   “regulations” means regulations, rules, or orders made by the Lieutenant-Governor in Council under this Act.

2. A corporation, to be known as the British Columbia Development Corporation, is hereby established consisting of those directors appointed under section 7, and their successors, who, upon their appointment, constitute the corporation.

3. (1) The capital of the corporation is twenty-five million dollars divided into two hundred and fifty thousand shares each having a par value of one hundred dollars.
   (2) From and out of the Consolidated Revenue Fund, or out of the Revenue Surplus Appropriation Account of the Consolidated Revenue Fund, or partly from the Consolidated Revenue Fund and partly from the Revenue Surplus Appropriation Account, the Minister of Finance shall set aside the amount of twenty-five million dollars, out of which he shall purchase such
objects of corporation.

4. The object of the corporation is to create, develop, and increase income, employment, tax revenue, and other economic benefits to the Province by encouraging and assisting in the establishment, expansion, and continued operation of industrial enterprises in the Province, and, for that purpose,

(a) to provide financing by way of loans to, or purchase of shares of, an industrial enterprise, on such terms and conditions as the corporation may consider advisable;

(b) to assist an industrial enterprise by selling, leasing, or otherwise disposing of industrial sites, lands, buildings, or equipment to that industrial enterprise on such terms and conditions as the corporation may consider advisable; and

(c) to provide such other financial and technical assistance to an industrial enterprise as may assist the industrial enterprise in carrying out the objects of this Act.

5. Notwithstanding any other Act, the corporation has all the powers necessary to carry out its objects and, without limiting the generality of the foregoing, may, for the purposes of this Act,

(a) lend money to any person on such security and upon such terms and conditions as to repayment or otherwise as the corporation may consider advisable;

(b) purchase shares in any company;

(c) guarantee the payment of a loan or part thereof, or all or part of the interest thereon, made by another lender to any person;

(d) take security by way of mortgage, charge, hypothecation, or assignment of, or on, real or personal property or otherwise;

(e) acquire, develop, maintain, manage, operate, rent, lease, or sell land, buildings, plants, machinery, equipment, and utilities or any interest therein, and enter into agreements with municipal corporations or with other companies for these purposes;

(f) buy, acquire, accept, and hold, exchange, transfer, assign, sell, dispose of, or deal in, either absolutely or by way of security or otherwise, all kinds of bills, notes, negotiable instruments, commercial paper, conditional sales agreements, lien notes, hire purchase agreements, chattel mortgages, bills of lading, bills of sale, warehouse receipts, guarantees, choses in action, or instru-
ments of assignment, conveyance, mortgage, pledge, charge, or hypothecation, and shares, stocks, bonds, debentures, debenture stocks, securities, obligations, agreements, and evidences of debt;

(g) make such by-laws and pass such resolutions, not contrary to law or this Act, as it considers necessary or advisable for the conduct of the affairs of the corporation, and, without limiting the generality of the foregoing, make by-laws and pass resolutions with respect to the time and place of calling and holding meetings of the corporation, the procedure to be followed at the meetings, and generally with respect to the conduct in all other particulars of the affairs of the corporation, and may repeal, amend, or re-enact them.

6. (1) The corporation shall not, without prior approval of the Lieutenant-Governor in Council, make loans or investments of any kind or give guarantees exceeding in the aggregate one million dollars, or make a commitment for such loans, investments, or guarantees exceeding that sum, to or in any one industrial enterprise or to any group of industrial enterprises controlled by one company, owner, or group of owners.

(2) The corporation shall not make a loan or investment or give a guarantee at any time that the total amount of the outstanding loans, investments, and guarantees together with the value of all the assets of the corporation exceed one hundred million dollars.

(3) The powers conferred by clause (b) of section 5 shall only be exercised with the prior approval of the Lieutenant-Governor in Council.

7. (1) The corporation shall consist of not less than seven or more than twelve directors appointed by the Lieutenant-Governor in Council, of whom one, but not more than one, may be a member of the public service of the Province.

(2) Except in respect of the first directors, one-third of whom shall be appointed to hold office for a term of one year, two years, or three years, respectively, the directors shall be appointed to hold office during pleasure for a term of three years, unless a director sooner dies, resigns, or is removed from office, and, upon their appointment, those directors constitute the board.

(3) A majority of the directors for the time being constitutes a quorum at meetings of the board.

(4) The board shall meet at least quarterly to determine policies of the corporation, and to supervise and review its affairs.
(5) The board may make by-laws for the management of the corporation.

(6) The board may
(a) exercise the powers conferred on it by this Act, or regulations;
(b) exercise the powers of the corporation on behalf of the corporation; and
(c) delegate the performance or exercise of any duty or power conferred or imposed on it to the general manager employed by the corporation.

(7) The Lieutenant-Governor in Council shall appoint one of the directors to be chairman and one of the directors as vice-chairman of the board.

(8) Except as otherwise provided, the chairman, appointed under this section, and, in his absence, the vice-chairman, shall preside at all meetings of the board, and of the loan and investment committee.

(9) No director shall be appointed as a full-time officer or employee of the corporation or participate in the administration of the corporation.

(10) Each director shall be reimbursed by the corporation for any reasonable travelling and other out-of-pocket expenses necessarily incurred by him in the discharge of his duties, and, in addition, the chairman, vice-chairman, and the other directors may be paid and accept such daily or periodical remuneration for their services as are fixed by by-law of the board, approved by the Lieutenant-Governor in Council.

(11) Subject to the prior approval of the Lieutenant-Governor in Council, the board shall appoint a general manager to be the chief executive officer of the corporation, and shall fix his remuneration and terms of appointment.

(12) A director who is a member of the public service of the Province, may, notwithstanding the Civil Service Act, accept payments made to him under subsection (10).

8. (1) A loan and investment committee of the corporation is established consisting of the chairman of the board, the vice-chairman of the board, and three other directors to be appointed by resolution of the board.

(2) Subject to the by-laws of the corporation, the loan and investment committee may deal with any matter within the competence of the board and shall submit minutes of its proceedings to the board at its next following meeting.

(3) The corporation is not bound by a commitment of the general manager respecting any loan or investment of the corporation unless the commitment is approved in writing by the loan and investment committee.

(4) Three members including the chairman or the vice-chairman constitute a quorum of the loan and investment committee.

9. (1) The corporation may, notwithstanding the Civil Service Act, employ such officers and employees as it considers necessary for the purposes
of this Act and may determine their duties and powers, the conditions of their employment, and, subject to the prior approval of the Lieutenant-Governor in Council, their remuneration, which shall be paid by the corporation, and the Lieutenant-Governor in Council may, by order, direct that the Public Service Superannuation Act applies to such officers and employees and the provisions of that Act shall apply accordingly; but the corporation may, alone or in co-operation with other corporations, departments, commissions, or other agents of the Crown establish, support, or participate in any one or more of

(a) a pension or superannuation plan; or

(b) a group insurance plan

for the benefit of officers and employees of the corporation and their dependents.

(2) The corporation may engage persons other than those employed under subsection (1) to provide professional, technical, or advisory assistance to the corporation, and may determine their duties and other terms of engagement, and, subject to the prior approval of the Lieutenant-Governor in Council, their remuneration and expenses, which shall be paid by the corporation.

(3) The corporation may require a bond under the Security Bonding Act from such of its officers and employees as it may designate.

10. Subject to any restrictions that may be placed thereon from time to time by regulations of the Lieutenant-Governor in Council, the corporation may, from time to time, borrow money for its temporary purposes by way of overdraft, line of credit, loan, or otherwise, upon the credit of the corporation in such amounts, upon such terms, for such periods, and upon such conditions as the corporation may determine, and the Minister of Finance may authorize temporary loans to the corporation by the Government of the Province on such terms and conditions as he considers advisable.

11. The Lieutenant-Governor in Council may, by order, authorize the Minister of Finance to

(a) purchase shares of the corporation for an amount equal to the par value;

(b) purchase debentures, bills, or notes of the corporation; and

(c) advance money to the corporation for its temporary or long-term purposes on such terms and conditions as the Lieutenant-Governor in Council may determine.

12. Moneys advanced by the Minister of Finance under section 10 and moneys paid for the purchase of shares of the corporation under section 11 and moneys borrowed under section 13 shall not exceed, in the aggregate, one hundred million dollars.

13. (1) Subject to the approval of the Lieutenant-Governor in Council, and subject to subsection (2), the corporation may
(a) raise money in lawful money of Canada by way of loan on the credit of the corporation;
(b) limit or increase the amount to be raised for the purposes of the corporation; and, through the Minister of Finance as its agent in that behalf, it may
(c) issue notes, bonds, debentures, or other securities of the corporation;
(d) mortgage, hypothecate, or pledge any of its real and personal property;
(e) sell or otherwise dispose of the notes, bonds, debentures, or securities, for such sums, and at such prices as are considered advisable;
(f) raise money by way of loan on any such securities; and
(g) do any of those things.

(2) The notes, bonds, debentures, and other securities, the issue of which is authorized by subsection (1), shall be in such form, shall bear such rate of interest, and shall be payable or redeemable in advance of maturity, as to principal and interest and premium, in the currencies of such countries, in such amounts or prices, in such manner, and at such times, in all respects as the Lieutenant-Governor in Council may determine.

(3) The notes, bonds, debentures, and other securities authorized by subsection (1) shall bear the seal of the corporation, which may be impressed thereon or may be engraved, lithographed, printed, or otherwise mechanically reproduced thereon and, together with any coupons attached thereto, shall bear the manual, engraved, lithographed, printed, or otherwise mechanically reproduced signatures of the chairman and of the secretary of the corporation; and any such mechanically reproduced seal and signatures are, for all purposes, valid and binding upon the corporation if the note, bond, debenture, or other security bearing them, or to which the coupon bearing them is attached, is countersigned by an officer appointed by the corporation for that purpose, notwithstanding that the person whose signature is so reproduced may not have held office at the date of the notes, bonds, debentures, or other securities or at the date of the delivery thereof and notwithstanding that the person who holds any such office at the time when any such signature is affixed is not the person who holds that office at the date of the notes, bonds, debentures, or other securities or at the date of the delivery thereof.

(4) A recital or declaration in the resolution or minutes of the corporation authorizing the issue or sale of notes, bonds, debentures, or other securities to the effect that the amount of notes, bonds, debentures, or other securities so authorized is necessary to realize the net sum authorized or required to be raised is conclusive evidence of that fact.

14. (1) The Government may, on such terms as may be approved by the Lieutenant-Governor in Council, guarantee the payment of the principal,
interest, and premium, if any, of any notes, bonds, debentures, and other securities issued by the corporation; and the form and manner of any such guarantee shall be such as the Lieutenant-Governor in Council may approve.

(2) The guarantee shall be signed by the Minister of Finance, or such other officer as may be designated by the Lieutenant-Governor in Council; and upon being signed, the Government shall be liable for the payment of the principal, interest, and premium, if any, of the notes, bonds, debentures, and securities guaranteed, according to the tenor thereof.

(3) In a case to which subsections (1) and (2) apply, the Lieutenant-Governor in Council may discharge the liability resulting from the guarantee out of the Consolidated Revenue Fund, or out of the proceeds of securities of the Government issued and sold for the purpose; and, in the hands of a holder of any such notes, bonds, debentures, or securities of the corporation, a guarantee so signed is conclusive evidence that compliance has been made with the terms of this section.

(4) The signature of the Minister of Finance or any such officer for which provision is made in subsection (2) may be engraved, lithographed, printed, or otherwise mechanically reproduced and the mechanically reproduced signature of any such person shall be conclusively deemed, for all purposes, the signature of that person, and is binding upon the Government, notwithstanding that the person whose signature is so reproduced may not have held office at the date of the notes, bonds, debentures, or other securities or at the date of the delivery thereof, and notwithstanding that the person who holds any such office at the time when any such signature is affixed is not the person who holds that office at the date of the notes, bonds, debentures, or other securities or at the date of the delivery thereof.

15. The corporation, in addition to the payment of the money for which provision is made under other provisions of this Act, may, as it has money available, repay to the Minister of Finance at any time, in whole or in part, money advanced by the Government to the corporation.

16. Notwithstanding any other provisions to the contrary in this Act, the corporation shall apply the revenues derived by it from its operations in payment, firstly, of the costs of administration, including salaries of officers and employees and remuneration of directors.

17. After payment of the costs of administration, the corporation shall apply the remaining balance of revenues of the corporation, firstly, in repayment of such part of the moneys borrowed by the corporation as is due and payable, together with interest due and payable on the moneys so borrowed.

18. After making the payments required under sections 15, 16, and 17, the corporation may, subject to the approval of the Lieutenant-Governor in
Council, retain any balance of revenues and place them in a reserve for such purpose as it considers necessary or desirable until such time as the reserve reaches an amount that it considers sufficient; but nothing herein prevents the corporation from loaning or investing the moneys allocated to such reserve for the purposes of this Act.

19. The corporation may invest for temporary purposes any reserves or surplus money not immediately required by the corporation, in term deposits with any financial organization approved by the Lieutenant-Governor in Council, or in any securities issued by or guaranteed as to principal and interest by the Province, or any other province or territory, or by Canada.

20. After applying its revenues as provided in sections 15, 16, 17, 18, and 19, the corporation may apply any balance in payment of dividends on the capital stock of the corporation.

21. All moneys including borrowings, income, and revenue that are received by the corporation, whether as agent, trustee, owner, or otherwise, shall form one fund, out of which the corporation shall make any expenditures necessary for its purpose, and the corporation shall account for the fund and payments therefrom in its annual report as in this Act provided.

22. The books and accounts of the corporation shall be examined and audited from time to time, and at least annually, by the Comptroller-General or an auditor appointed by him; and the costs of the audit shall be paid by the corporation.

23. The fiscal year of the corporation is a period of twelve months beginning on the first day of April in each year and ending on the thirty-first day of March in the next succeeding year.

24. (1) In making loans and investments, the corporation shall base its decisions on, and shall take into account,
(a) a thorough and objective analysis of the management capability of the industrial enterprise, its financial position and record and that of its developers or proponents, its potential for growth, the risk involved, and the commercial merit of the industrial enterprise for which financing has been applied for; and
(b) the value of the industrial enterprise to the economy of the Province in creating income, employment, tax revenue, employment training, and other economic benefits, and the social and environmental impact of the industrial enterprise.

(2) In making loans and investments, the corporation shall be guided by merit alone, and loans and investments shall be made without discrimination of any kind.
25. (1) The corporation shall supervise the expenditure by each borrower of money loaned to him in order to ensure that the money is used for the purpose for which it was loaned, and a record of the supervision shall be maintained in respect of each borrower.

(2) If at any time, in the opinion of the board, any money loaned under this Act has not been, or is not being, applied for the purposes for which it was advanced, or is not being carefully and economically expended, or if the security depreciates in value, the corporation may refuse to make any further advance and may call the whole amount then advanced and all interest thereon and declare that amount and interest to be immediately due and payable; whereupon the borrower shall at once repay the money borrowed with interest thereon at the rate agreed upon, and in default of payment the corporation has the same remedies for the recovery of the money as if the time for repayment of the loan had arrived.

26. It shall be a condition of every loan made that, upon the sale of any part of the property mortgaged to the corporation as security therefor, the loan shall, at the option of the corporation, immediately become due and payable.

27. The corporation shall, at least annually, secure reports as to the financial condition and progress of every industrial enterprise to which it has loaned moneys or in which it has made investments, and it shall be a condition of every loan or investment agreement that such information be provided and that the corporation will have the right to make inspections and audits of the accounts and records of a borrower at any time during the term of the loan.

28. The corporation may make advances or payments for the purpose of paying insurance premiums, taxes, or other encumbrances, or otherwise to protect any security held in respect of any loan.

29. The corporation may, upon acquiring shares, debentures, or other securities of a company, appoint such person as it considers advisable to be the representative of the corporation at any meeting of the company or at any meeting of the directors of the company or of any class of members or creditors of the company.

30. (1) No loan or other financial assistance shall be made or given to, and no investment shall be made in, any company, organization, firm, or business of which any director, officer, or professional employee of the corporation has a significant beneficial interest through being a director, officer, owner, employee, or shareholder, whether directly, or indirectly through a member of his family.
(2) If a question arises as to whether a director, officer, or employee has a significant beneficial interest as mentioned in subsection (1), the matter shall be decided by a unanimous vote of the other directors present at a meeting of the board and their decision shall be final.

31. The corporation shall not make a loan to, or invest in, any industrial enterprise in which a member of the Legislature, directly or indirectly, has a significant beneficial interest as described in subsection (1) of section 30.

32. (1) Not later than the thirtieth day of June in each year the board shall submit to the minister a report on the financial condition of the corporation at the end of the fiscal year ending on the thirty-first day of March of that year, and upon its operations for the fiscal year showing the amount and nature of assistance, financial and otherwise, granted by the corporation, the industrial enterprises to which the assistance was granted, and the terms on which it was granted.

(2) The minister shall lay the report before the Legislature if it is then in session, and, if it is not then in session, within fifteen days after the opening of the next session.

(3) The minister may, at such times and as often as he considers it necessary, require the board to furnish him with such reports or information respecting the business and operations of the corporation as he may direct; and the board shall comply with such requests promptly.

33. Every director, officer, or auditor of the corporation who verifies, or has to do with providing for the minister any statement, account, or report required to be furnished pursuant to this Act, and who knows that the statement, account, or report is false in any material particular, is guilty of an offence and is liable, on summary conviction, to imprisonment for not more than five years and not less than six months.

34. No member, officer, or employee of the corporation is personally liable for anything done or omitted in good faith in the exercise or purported exercise of the powers conferred by this Act.

35. For the purpose of carrying out the provisions of this Act according to their intent, the Lieutenant-Governor in Council may make such regulations and orders as are ancillary thereto and not inconsistent therewith and as are considered necessary and advisable; and every regulation and order made under this section shall be deemed a part of the Act and have the force of law.

36. (1) The following Acts do not apply to the corporation:
   (a) The Companies Clauses Act;
   (b) The Mortgage Brokers Act; and
   (c) The Securities Act, 1967.
(2) The *Companies Act* does not apply to the corporation, but the Lieutenant-Governor in Council may, by order, declare that the *Companies Act* or any provision thereof applies to the corporation, and the Act or provision thereof applies accordingly.

37. (1) This Act, excepting this section, comes into force on a date to be fixed by the Lieutenant-Governor by his Proclamation, and he may fix different dates for the coming into force of the several provisions of the Act; but on the coming into force of this Act
   (a) the Act is retroactive to the thirty-first day of March, 1973; and
   (b) any order made by the Lieutenant-Governor in Council under this Act, if so stated in the order, may be made retroactive to the thirty-first day of March, 1973,

   to the extent necessary to give full force and effect to the Act or an Order in Council made thereunder on, from, and after that date.

(2) This section comes into force on Royal Assent.
DEVELOPMENT CORPORATION OF 
BRITISH COLUMBIA (AMENDMENT) 

CHAPTER 27 

Development Corporation of British Columbia 
Amendment Act, 1974 
[Assented to 20th June, 1974.] 

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows: 

Section 1 of the Development Corporation of British Columbia Act being chapter 27 of the Statutes of British Columbia, 1973, is amended 
(a) by repealing the definitions of “general manager” and “loan and investment committee”;
(b) by adding after the definition of “director” the following definition: “executive committee” means the executive committee established under section 8; and
(c) by adding after the definition of “minister” the following definitions: “president” means the president of the corporation elected pursuant to section 7; “public service employee” means a public service employee as defined in the Public Service Act;.

Section 3 (3) is amended by striking out the word “minister” in the second line and substituting the words “Minister of Finance”.

Section 5 is amended
(a) in clause (e), by striking out the word “companies” in the fourth line and substituting the word “persons”; and
(b) by repealing clause (g).

Section 7 is amended
(a) in subsection (1), by striking out the words “member of the public service of the Province,” at the end of the subsection and substituting the words “public service employee.”;
(b) by repealing subsection (5) and substituting the following:
(5) The board may make such by-laws and pass such resolutions as it considers necessary or advisable for the management and conduct of the affairs of the corporation, including, without limiting the generality of the foregoing, by-laws and resolutions respecting the calling and holding of meetings of the board, and the procedure to be followed at the meetings; 
(c) in subsection (6), by striking out the words “general manager employed by the corporation.” at the end of clause (c) and substituting the word “president.”;
(d) in subsection (8), by striking out the words "loan and investment" in the third line and substituting the word "executive";
(e) in subsection (9),
  (i) by inserting after the word "director" in the first line the words "other than the president"; and
  (ii) by striking out the words "or participate in the administration of the corporation" at the end of the subsection;
(f) in subsection (10), by striking out the word "by-law" in the fifth line and substituting the word "resolution";
(g) by repealing subsection (11), renumbering subsection (12) as subsection (13), and substituting the following as subsections (11) and (12):
  (11) The board shall elect a director to be president and chief executive officer of the corporation, and the board shall fix his remuneration and terms of appointment; but the president shall only remain in office for so long as he is a director.
  (12) The election of the president under subsection (11) does not take effect until approved by the Lieutenant-Governor in Council;
(h) in subsection (13) as renumbered,
  (i) by striking out the words "member of the public service of the Province" in the first line and substituting the words "public service employee";
  (ii) by striking out the word "Civil" in the second line and substituting the word "Public"; and
(i) by adding after subsection (13) the following as subsection (14):
  (14) The term of office of a director who is a member of the public service terminates on his ceasing to be a public service employee.

Amends s. 8.

Section 8 is amended
(a) in subsection (1), by striking out the words "A loan and investment" in the first line and substituting the words "An executive";
(b) in subsection (2), by striking out the words "loan and investment" in the first line and substituting the word "executive";
(c) in subsection (3),
  (i) by striking out the words "general manager" in the first and second lines and substituting the word "president"; and
  (ii) by striking out the words "loan and investment" in the third line and substituting the word "executive"; and
(d) in subsection (4), by striking out the words "loan and investment" in the second line and substituting the word "executive".

Amends s. 9.

Section 9 is amended
(a) in subsection (1),
  (i) by striking out the first line and substituting the words "Notwithstanding the Public Service Act, but subject to the regulations, the corporation may";
and
(ii) by striking out the words "subject to the prior approval of the Lieutenant-Governor in Council," in the fourth and fifth lines; and

(b) in subsection (2), by striking out the words "Lieutenant-Governor in Council," in the fourth line and substituting the word "minister".

Section 11 (b) is repealed and the following is substituted:

(b) purchase notes, bonds, debentures, or other securities of the corporation; and

Section 12 is repealed and the following is substituted:

12. The indebtedness of the corporation in respect of moneys borrowed under sections 10 and 13, added to the amount of all moneys advanced or paid under section 11, shall not at any time exceed, in the aggregate, one hundred million dollars.

Section 13 (3) is amended by striking out the words "the chairman and of the secretary of the corporation" in the sixth and seventh lines and substituting the words "such officers or directors of the corporation as the by-laws of the board prescribe".

Section 34 is amended by striking out the word "member" in the first line and substituting the word "director".

Printed by K. M. MACDONALD, Printer to the Queen’s Most Excellent Majesty in right of the Province of British Columbia.
APPENDIX 8

PASSAGE OF BILL 102 THROUGH THE LEGISLATIVE ASSEMBLY
APPENDIX 8

PASSAGE OF BILL 102 THROUGH THE LEGISLATIVE ASSEMBLY
Second Session, 30th Parliament

FIRST READING: MARCH 3, 1973

- Bill 102 "The Development Corporation of British Columbia Act", introduced by A.B. Macdonald Minister of Industrial Development, Trade and Commerce.

SECOND READING: APRIL 11, 1973: PASSED ON VOTE OF 39 TO 9

- A.B. Macdonald described Bill 102 as a "measure for the support of small and medium industry in the Province of British Columbia."

- Premier D. Barrett described Bill 102 as a means "to provide assistance on a regional basis to ensure that there is a rational development of secondary industry in this Province."

- Bill 102 criticized by Opposition member Pat Johnson (Social Credit) as a method for "the redistribution of income through government control because of the government's stated intention to become partners in industry."

COMMITTEE OF THE WHOLE LEGISLATURE: APRIL 13, 1973

- Section-by-section consideration

- Controversial provisions in Bill 102 included the ability of BCDC to take an equity position in industrial enterprise and the requirement that such an equity purchase necessitated only prior approval of the Lieutenant-Governor, not the Legislative Assembly.

THIRD READING: APRIL 17, 1973: PASSED ON VOTE OF 39 TO 10

ROYAL ASSENT: APRIL 18, 1973

- The "Development Corporation of British Columbia Act, 1973"

AMENDMENTS: JUNE 20, 1974
APPENDIX 9

APPOINTMENTS TO THE BOARD
APPENDIX 9

APPOINTMENTS TO THE BOARD

BCDC's first board of directors was appointed by the Lieutenant-Governor in January 1974; ten months after the Development Corporation of British Columbia Act was given Royal Assent. While these appointments were primarily drawn from British Columbia's financial community, no attempt at regional or industrial sector representation appears to have been made. Named to the first board of BCDC were:

Chairman
*A.D. Peter Stanley (Vancouver); chartered accountant & partner in Coopers & Lybrand, governor of the Vancouver Stock Exchange

Vice-Chairman
*Bogue Babicki (Vancouver); consulting engineer & owner of a structural engineering firm

President
*David M. Korbin (Vancouver); chartered accountant & partner in own firm, director of the Insurance Corporation of British Columbia

*Norman Alexander (Winnipeg); investment analyst & managing partner in Richardson Securities

*Gary Lauk (Vancouver); criminal lawyer & Minister of Economic Development

David Smith (Vancouver); corporate lawyer with firm of Lawson, Lundell, Lawson, & McIntosh

W.C.R. Jones (Victoria); industrialist, former president & managing director of E.B. Eddy Co & former executive of several British Columbia forest companies

(* members of the Executive Committee)
Morris Belkin (Vancouver); businessperson & owner of Belkin Paper Co.

John Bruk (Vancouver); lawyer with firm of Lawrence & Shaw, chairman of Dynasty Explorations Ltd., & director of several other mining companies

Jack Radford (Victoria); former staff representative of the Canadian Labour Congress, Minister of Recreation & Conservation

The appointments of Gary Lauk and Ernie Hall (who had replaced Jack Radford) were rescinded in December, 1975 as a result of the election of the Social Credit Party; D.M. Phillips, the new Minister of Economic Development and Minister of Agriculture, was appointed a BCDC director and chairman of the board (order-in-council #3847) on 23 December, 1975.

In January, 1976 new appointments were made to the board for three year terms:

Vice-Chairman

*S.T. Michael MacGillivray (Prince George); partner in Winspear, Higgens, Stevenson, & Co. (appointed to Vice-Chairman in June 1976 after having served as a director)

*Harbanse Doman (Nanaimo); businessperson & president of Doman Industries Ltd.

*F. David Radler (Vancouver); president of Sterling Newspapers Ltd.

Harold Blakley (Vancouver); president of Garren/Blakley Yachts

W.L. Sauder (Vancouver); president of Sauder Industries Ltd.

(* * members of the Executive Committee)
W.M. Young (Vancouver); chairman of Finning Tractor Ltd.

(A.D.P. Stanley, M. Belkin, D.M. Korbin, & B. Babicki were kept as directors)

In May, 1976 David Korbin's appointment as director and president of BCDC was rescinded after serving for more than two years; Donald D. Duguid was made a board member and president of BCDC in May, 1976 (order-in-council #1407).
APPENDIX 10

CHARACTERISTICS OF THE PROVINCIAL ECONOMY AND IMPLICATIONS FOR ECONOMIC DEVELOPMENT
CHARACTERISTICS OF THE PROVINCIAL ECONOMY AND IMPLICATIONS FOR ECONOMIC DEVELOPMENT

Three basic attributes characterize the economy of British Columbia which indicate its lack of diversity: a focus on primary resource industries; a dependence on two major export markets; and a concentration of economic activity in a few regions of the province.

i. the industrial structure

The economy of British Columbia has traditionally been dominated by its primary products. Currently, the forest and mining industries form the most important industrial group. As an indication of British Columbia's focus on primary resources, in 1975 "forestry contributes 44 percent to the total value-added by all primary and secondary manufacturing industries in the province, and mining and primary metal processing account for another 11 percent."¹

Further evidence of provincial dependence on primary resource industries is found in employment figures. In British Columbia, 30,000 people work in primary logging and mining operations. In addition, of the "approximately 137,000 persons employed in manufacturing, 54 percent worked in four resource related industries, namely, wood products, paper and

¹ Climate for Development Western Region, Department of Regional Economic Expansion (Ottawa: Queen's Printer, 1976), p. 71.
allied products, primary metals and petroleum and coal products."¹ This compares to the figure of 21 percent employed in these industries on a national basis. Another aspect of the industrial structure, is the predominance of a few large manufacturing firms which operate in wood, paper and allied products, and primary metals manufacture. In 1972, 22 percent of the provincial manufacturing employment took place in 32 manufacturing firms which represent only 1 percent of the total firms (3,200) operating in the province.² This again highlights a provincial concentration of manufacturing in the forest and mining sectors.

ii. the industrial markets

The British Columbia economy, particularly in the forest and mining sectors, is highly dependent on the export of its products.³ In turn, the economic climate of the province is vulnerable to changes in the world economy, particularly those changes which occur in the United States and Japan. To indicate the importance of foreign trade, it has been suggested that British Columbia's "economy is probably tied more closely to levels of activity in the U.S. economy that it is to economic aggregates in Canada."⁴

². Ibid.
The extensive provincial forest resource is converted into lumber, plywood, pulp, newsprint, paper and paper products, shingles, and shakes for sale in world markets. The United States is the major importer, accounting for 61.2 percent of forest-related production in 1973, followed by Japan taking 10.1 percent, the European Economic Community (excluding the United Kingdom) taking 9.9 percent and the United Kingdom taking 9 percent. On average, less than 10 percent of the products of the forest industry are sold in local or Canadian markets.

As in the forest industry, mineral production in British Columbia is dependent on world markets for continued viability. Virtually all production of coal is under long-term contract for sale in Japan, which also imports 97 percent of provincial production of copper concentrates. The United States presently imports more than half of the crude oil and natural gas produced in the province.

A similar situation affects manufactured goods as "60 percent of the goods produced in British Columbia are sold abroad"; of this export total, "approximately 50 percent of the exported goods [are] sold in the United States, with Japan absorbing another 25 percent."

2. Ibid., pp. 24 & 25.
iii. the geographic distribution of industry

In 1974, the Greater Vancouver region accounted for more than 46 percent of the province's population of 2,450,000 people. The region also accounted for 52 percent of the manufacturing employment and 80 percent of the non-forest and non-mining related manufacturing employment.

The geographic distribution of the forest industry has changed since the early days when each logging camp and saw-mill was an isolated entity. Large private corporations such as MacMillan-Bloedel, B.C. Forest Products, and Weyerhauser have integrated and concentrated these dispersed operations and added heavy investment in production facilities. The area centered on the Vancouver region forms the nucleus of one interconnected forest industry operation where the diverse activities of "logging, transporting logs, processing, manufacturing of paper or wood products, and the provision of docks for export purposes" are integrated into a continuous process. This pattern is gradually being duplicated in Prince George, the Terrace-Prince Rupert area, and Kamloops.

Mining was also a vital part of the early exploration and development of British Columbia. However, it wasn't until the 1960's that mining activity significantly diversified from its traditional base of zinc and lead, to include

production of copper, coal, crude oil, natural gas, molybdenum, and asbestos. For instance, four of the five copper producers (Bethlehem, Gibraltar, Granduc, Island Copper, and Lornex) who accounted for 65 percent of the total provincial production in 1973, have established in British Columbia since 1970.\footnote{The Manual of Resources, p. 24.} The major mineral production area is the Kootenays, in the southeast of the province. A smelter-refinery-fertilizer plant at Trail is the focus for the mines of that region. In addition, a pig-iron plant was opened at Kimberley to reprocess the waste collected for half a century outside the depleted Sullivan mine. By 1971, one new mining area was opened in the northeast of the province in the Peace River region. Formerly an agriculturally-dominated economy, it now produces petroleum and natural gas which is transported by pipeline to Prince Rupert and southwestern British Columbia.

iv. implications for the provincial economy

The characteristics of the provincial economy — a primary resource orientation, export dependence, and regional concentration of economic activity — have significant implications for British Columbia's development. Levels of activity in the economy are influenced by demand conditions in world markets for the major resource products, minerals, and forest products. When prices and levels of production in these industries are high due to buoyant demand conditions, employment, incomes, and spending in other sectors also tends to

\footnote{The Manual of Resources, p. 24.}
benefit. As the major resource sectors sell mainly to export markets they, and therefore the rest of the economy, are tied closely to foreign economic conditions, particularly in the United States and Japan.

British Columbia's economy was the third largest and one of the more rapidly growing in Canada in the early 1970's "based upon rising world commodity prices."\(^1\) However, in the latter half of 1974, the favourable climate for British Columbia's resource industries was undermined by a recession outside the province. "World-wide inflationary trends, balance of payments difficulties brought about by high energy costs, and continued pressures on the international monetary system" combined to slow down the economies of British Columbia's major trading partners, which in turn, adversely affected prices and levels of production in provincial industries.\(^2\)

In 1974, the gross provincial product was $16.2 million, an 18.4 percent increase over 1973, although "inflation accounted for a major part of the gain as the Gross National Product implicit price index rose approximately 12 percent."\(^3\) In 1975, a 10 percent increase in the gross provincial product over 1974 was estimated, with inflation expected to continue at 1974 or higher rates. In real terms, a limited increase in provincial productivity was recorded in 1974 and 1975 due to the inflationary spiral.

\(^1\) Climate for Development Western Region, p. 9.
\(^3\) British Columbia Economic Activity: 1976 Review & Outlook, Volume XXVIII, p. 3.
By sector, the forest and mining industries were early casualties of the recession. Production of forest products dropped markedly between 1973 and 1975 - lumber production was down 29 percent, plywood production by 18 percent, paper production by 30 percent, and pulp production by 24 percent. A similar drop in mineral output occurred between 1973 and 1975. In the first three quarters of 1975 decreases were recorded from a "3.6 percent decline in zinc shipments to a 13.6 percent decline in molybdendum shipments ... [and] oil production was down 23.4 percent", over the same period in 1974.

This decline is also evidenced in provincial employment figures. Unemployment rates in 1975, showed a marked variation by industry with primary and secondary resource related sectors exhibiting the highest rates. The "other primary" category which includes all non-agricultural primary employment, showed the highest unemployment rate at 12.5 percent, followed by "construction" at 12.1 percent, "agriculture" at 11.1 percent, and "manufacturing" at 9.3 percent. Unemployment rates in the tertiary sector on the other hand, ranged from a high of 6.7 percent in "trade" to a low of 3.5 percent in "finance, insurance, and real estate."

1. Climate for Development Western Region, p. 74.
2. Ibid., p. 75.
4. Ibid.
The rate of unemployment also showed a marked spatial pattern reflecting industry variations by region in British Columbia: "Unemployment rates in the non-Lower Mainland areas of British Columbia were higher than the Provincial average in 1975 reflecting the downswing in export-oriented primary and manufacturing industries which are relatively more important to the economies of these regions."¹