

Canada Corporations Act

circumstances I shall content myself with expressing the hope that there will be support in the House for this amendment.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Yea.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the nays have it.

Some hon. Members: On division.

Motion No. 6 (Mr. Saltsman) negatived.

Mr. John Burton (Regina East) moved:

That Bill C-4, An Act to amend the Canada Corporations Act and other statutory provisions related to the subject matter of certain of those amendments, be amended by striking out in clause 20 paragraph (b) of subsection (3) on pages 62-63 and substituting the following:

"(b) A private company except as provided in paragraph (c) and (d);

(c) section (b) does not apply to a private company that is a personal corporation within the meaning of section 68 of the Income Tax Act in the whole of the year in respect of which a financial statement is required by this Act;

(d) the Minister having regard to the public interest may grant an exemption to a private company if revenue does not exceed ten million dollars in any period ending in or after the year in which this section comes into force, in respect of which a financial statement is required by this Act to be prepared, or whose total assets on the last day of any such period do not exceed five million dollars."

He said: Mr. Speaker, at the present time we are giving consideration to the review and overhaul of the Canada Corporations Act, an important statute. I feel we are bound to give close and serious attention to the various aspects of this legislation before it is given final passage. It must be recognized that within a modern Canadian economic complex the corporations are a principal instrument for economic activity. Through federal legislation and other legislation enacted by the provinces, the corporations are established as legal entities and thus given special powers and privileges within our society. Thus we, as legislators in this House, have the duty and obligation to ensure that there is an adequate control over the operations of the corporation in view of the rights and privileges granted to it.

● (4:30 p.m.)

In my view, the operations of corporations are no longer simply a matter of considering the interests of shareholders, the interests of debt holders, business transactions, transfers

[Mr. Burton.]

of shares and proxies, and investigations into problems that develop within corporations. I quite acknowledge that these matters are important and deserve adequate consideration; but I think it is not enough to restrict our consideration solely to these matters.

Corporations today exert a very profound influence upon the economy. We no longer live in a society where the actions of individuals or corporations do not influence the economy. We no longer live in that sort of laissez-faire world. The corporation today can have a particular influence on the economy. It can influence the course of affairs of a nation and it affects the public good and public interest. Thus, we have to exert extreme care in determining the powers and rights of these corporations and to ensure that adequate obligations are placed upon them. I think this is, in fact, now recognized since at the present time there are many people in society, including governments, who are working on the development of policies to reconcile corporate activity and power with the public good and public interest. A prerequisite to carrying on such studies and examination of the activities of corporations is adequate information and knowledge.

One of the first to point up this particular matter and to indicate that a very real problem exists in this regard was Professor Melville Watkins, who was commissioned by the federal Liberal government to make a study. His report was entitled "Foreign Ownership and the Structure of Canadian Industry". When Professor Watkins presented his report to the government he stated as follows:

It is a prerequisite to public discussion of government policy and the formulation and implementation of actual policy that more information be available on the activities of corporations, particularly large corporations, both Canadian-owned and foreign-owned. Information presently available is generally deficient, and in some respects grossly so, for meeting the three distinct purposes for which information is needed: public disclosure, economic analysis, and governmental surveillance of firms.

He goes on to make this recommendation in his report:

It is recommended that the following specific steps be taken with respect to company law, bankruptcy law, securities legislation, the Corporations and Labour Union Returns Act, and the guiding principles of "good corporate behaviour" to the larger foreign-owned subsidiaries:

(a) Amend the Canada Corporations Act so that federally-incorporated private companies (as well as federally-incorporated public companies), without respect to the nationality of ownership, must file returns with the Department of Consumer and Corporate Affairs, and make returns for all com-