

*Canada Corporations Act*

the Kimber Committee in Ontario that "one of the strongest single forces in the complex process of raising capital is public confidence". Public confidence requires a knowledge of the relevant facts that will permit the anticipation of profits. The Porter Report stressed the desirability of greater disclosure of corporation information relating not only to financial institutions but also to the securities market as a whole. The Kimber Report paved the way to the introduction of a comprehensive set of disclosure requirements in Ontario in 1967. The four western provinces have followed suit and have adopted in substantial form the Ontario requirements.

The maintenance and strengthening of investor confidence and investor protection are real concerns of this government. The 1965 amendments improved the financial disclosure requirements of the Canada Corporations Act. This was only the first step, Mr. Speaker. The bill that is now before the House will considerably improve the quality, the range and the level not only of the financial information but generally of the corporate information available to shareholders, prospective shareholders and to the public in general. There is no valid reason why the corporate information available from federal companies should not be as adequate as the information concerning companies incorporated in other jurisdictions. The improvements proposed in the interests of investors should help increase confidence in the securities industry. As was pointed out by the Kimber Report, to the extent that the securities industry has become a more effective and a more efficient part of the economy, the general public will benefit. This is the main goal that we are pursuing in the present bill.

The measures contained in Bill C-4, whether they concern no disclosure, insider trading, takeover bids, proxy solicitation or inspection and investigation, are all designed to promote the climate required for a high degree of investor confidence to develop. The most important proposals in this bill to improve public confidence and public information relate to financial disclosure. As long ago as 1935 the Royal Commission on Price Spreads, the Stevens Commission, called for better financial statements and recommended that they be published in the press and in the *Canada Gazette*. A later Royal Commission on Prices, the Curtis Commission devoted much of its attention to proposals for greater quantity and better quality of information in corporate financial statements. In 1959 the Royal Commission on Price Spreads in Food Prod-

ucts, under Dr. Andrew Stewart, noted that "private companies whether incorporated federally or provincially are not required to provide financial information." The commission pointed out that this category includes subsidiaries of many foreign firms. It recommended that private companies be brought under the same financial disclosure rules as public companies. The Porter Commission and the Carter Commission both expressed concern about the standards of corporate disclosure in Canada.

• (8:10 p.m.)

The concerns these various inquiries have expressed was reflected in the interim report of the Joint Committee of the Senate and the House of Commons of which I had the honour to be the co-chairman together with Senator Croll. In our interim report of December, 1966, our committee, which was made up of all parties of the House, said in part:

In times of both depression and prosperity, Canada has in the past resorted to a series of Royal Commissions or parliamentary inquiries on prices and price spreads, each of which has had to compile its own information on costs, profits and return on investments. Your Committee was no different, and used its parliamentary privilege to ask for and receive from corporate witnesses information never before made public. However, your Committee feels strongly that if those responsible for or concerned about the management of public affairs are to be properly informed, such information should be available publicly on a continuous basis for the scrutiny of parliamentarians, public officials, consumer groups, investment analysts and the academic community. Such public disclosures would also be a spur to greater efficiency and productivity by preventing inefficient entrepreneurs from hiding their inefficiency from shareholders or public scrutiny. Further, your Committee sees no reason why large public companies should be compelled to compete in the marketplace against other large private competitors whose operations are almost wholly secret and many of which are privately held wholly-owned subsidiaries of the non-Canadian parents.

The committee's recommendations were:

- (a) That the distinction between disclosure requirements for private companies of significance to the public and public companies be eliminated.
- (b) That the disclosure requirements for both public and such private companies be enlarged to assure full and complete disclosure of corporate activities to give to the public sufficient information for meaningful continuous analysis and comparison.

In this bill, Mr. Speaker, we are seeking to extend the financial disclosure requirements to all federal companies of economic significance, to make all this information more readily available to the public and to make the financial information that is disclosed