

# HOUSE OF COMMONS

Wednesday, July 18, 1973

The House met at 2 p.m.

## ROUTINE PROCEEDINGS

[Translation]

### MISCELLANEOUS ESTIMATES

Fourth report of Standing Committee on Miscellaneous Estimates—Mr. Leblanc (Laurier).

[Editor's Note: For text of above report see today's Votes and Proceedings.]

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[English]

### CONFLICT OF INTEREST

#### STATEMENT BY PRIME MINISTER IN RELATION TO CABINET MINISTERS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, yesterday the President of the Privy Council (Mr. MacEachen) laid upon the table the government's green paper on proposals for a policy governing conflict of interest in relation to members of parliament and senators. In considering the problem as a whole, the government gave special attention to standards which would apply to cabinet ministers.

The government believes that no higher standards should be demanded of anyone than of ministers themselves. They would, of course, as members of parliament or Senators, be subject to all the provisions that would apply to members of those bodies, whether by law, by resolution or by custom. Because of their unique duties and responsibilities, ministers should, however, be required to conform to a series of guidelines which impose added restraints, particularly in relation to pecuniary interests. The government has concluded that guidelines are preferable to additional legislation specifically relating to ministers since certain aspects of conduct cannot readily be defined except in relation to particular circumstances. An element of discretion, to be exercised by a minister on the basis of discussion with the Prime Minister of the day, seems the best solution.

Our policy leaves each minister with a heavy onus to conduct his personal affairs in a manner which must not conflict or appear to conflict with his public duties and responsibilities. We recognize, however, that in some cases persons who may be invited by the Prime Minister to join the cabinet may be men and women who have property or holdings of some magnitude. This should not of itself exclude anyone from service in the government. The question is how to ensure that business, commercial, financial

or professional interests do not conflict with the public interest which must be the prime responsibility of every minister.

It is important that a minister not be called upon to take decisions in a private capacity which would place him in a situation of appearing to use inside information to the advantage either of himself or of any associates in corporate or other business activities. A minister, therefore, will be expected in future, as is the policy today, to resign any directorships in commercial or other profit-making corporations that he may hold before becoming a minister. In certain circumstances it may be necessary for a minister to discontinue service on boards of philanthropic or charitable organizations, but normally these are considered to be compatible with ministerial office and will so be considered, as a general rule, in the future.

Because of potential conflicts and also because ministerial office is and must be a full-time job, ministers are being asked to sever all active business, commercial or professional associations during the time that they remain members of the cabinet.

With regard to a minister's ownership of corporate shares or other financial interest, great caution must be exercised, not only in the making of investments but in the management and control of them. In some cases because of the nature of a minister's responsibilities in relation to particular categories of business or property, it may be required that a minister totally dispose of an investment. In other cases, ministers will have the option of placing in trust their holdings of a business, commercial or financial nature and particularly their holdings in commercial entities that could be directly affected as to value by decisions of government policy.

Two forms of trust will be permitted. The first will be one in which the trustee will be instructed to maintain the holdings precisely as they were when the trust was established. This may be desirable because of the particular nature of some property. The second kind of trust will be one in which the trustee will be empowered to make all investment decisions with no direction or control by the minister. In this type of trust, to ensure freedom from conflict, there will be no information to the minister except for information that would be required to permit an annual evaluation of the trust or the filing of any information required by law. In both cases, the minister will be empowered to receive from the trustee the income earned by the trust. If the second form is used, he will be able to add to or withdraw capital funds as he sees fit.

[Translation]

Ministers' spouses and their families are not being required to follow the strict rules that are being set out for ministers themselves. This is simply not practical and may not even be just. However, it is recognized that the rules or principles with regard to conflicts of interest could be