

● (1550)

**Mr. Stan Schellenberger (Wetaskiwin):** Mr. Speaker, before I start I want to commend the Hon. Member for Calgary South (Mr. Thomson) and the Hon. Member for Mississauga South (Mr. Blenkarn) for expertly putting forward some concerns we have regarding this Bill. These are things that the Government should take very seriously and I will put on the record some reasons for that.

In the time available I want to deal with two concerns regarding this Bill. The first has to do with conflict of interest guidelines in the legislation and how they are inadequate to determine whether or not the chief executive officer is carrying them out. The second concern is that of accountability.

Conflict of interest is most important in the private sector. You simply cannot have employees, directors or chief executive officers owning shares in competing companies. There cannot even be the appearance of a conflict of interest. Because of that, the Government, through legislation and within the Public Service, and even in Cabinet, has laid out directives regarding conflict of interest. Yet when we look at this legislation, especially Schedule C, Part I and Part II, the conflict of interest guidelines are not clearly outlined. The responsibilities of senior managers, appointed by the board to critical positions and who perform essential duties related to the overall well-being of the company, are not adequately or clearly defined.

I have taken some interest over the last number of months in northern transportation, and I have had responsibilities over the last number of years in the area of Indian Affairs and Northern Development. In looking at the Crown corporation which operates in Alberta, Saskatchewan and the Northwest Territories, the Northern Transportation Company Limited, I have found a number of interesting situations which are the result of improper guidelines concerning the operation of Crown corporations. I specifically refer to conflict of interest, Mr. Speaker.

In 1969, Arctic Cruise Lines Ltd. began as a private company and was then incorporated in 1974. Four of the eight directors were shareholders. Twelve of the original 30 shareholders were Northern Transportation Company Ltd. employees. Two of the three applicants, who were in the corporation in 1974 and were listed as the first directors of the company, were NTCL employees. There is no problem with that because Arctic Cruise Lines was set up to be a passenger service company along the Mackenzie River system. NTCL distributed goods and services by barge along the Mackenzie and around the coast in the Beaufort Sea and Arctic Ocean. Therefore, in 1976, when NTCL requested all permanent employees to divulge any possible instances of a conflict of interest, there were none. I requested a copy of their conflict of interest guidelines and have found them to be good ones, drawn from instances which had been laid out here in the House of Commons. I will describe them briefly.

They said, Mr. Speaker, that employees must not act in any manner which might result in or create the appearance of using a corporate office or company appointment for private

#### *Financial Administration Act*

gain; giving preferential treatment to any person; losing complete independence or impartiality; and affecting adversely the confidence of the public in the integrity of the company. Employees must not engage directly or indirectly in any personal transaction or private arrangement for personal profit which accrues from or is based upon their official position or authority or upon privileged information which is acquired by reason of such position or authority. Employees must not act in any official matter with respect to which there exists a personal interest incompatible with an unbiased exercise of official judgment, or have direct or indirect personal business or financial affairs which conflict or appear to conflict with official duties and responsibilities.

These employees submitted letters indicating to their respective shareholders that there was no apparent problem with employees of NTCL holding shares in a small passenger service company. Arctic Cruise Lines did not do well financially. Demand for passenger service along the river was not great. So in 1979 Arctic Cruise Lines changed its name to Arctic Offshore Limited and became active in the offshore market for the movement of goods. As a result, it came into competition with Arctic Transportation Limited, another private company in the area, and of course the NTCL Crown corporation.

Since 1980, that company has enjoyed great success. It has increased in size by 168 per cent while NTCL has decreased by 30 per cent. Both the president of NTCL and the president of Arctic Offshore deny there is competition in the area. However, their chief competitor, Arctic Transportation Limited, maintains that they compete with both Arctic Offshore and NTCL for the same contracts. There is, of course, some discrepancy there.

Now, Mr. Speaker, four employees of NTCL are shareholders of Arctic Offshore. One is in a key position which oversees contracts for marine maintenance, and the other was, until recently when I brought this matter up, a director on the board of Arctic Offshore.

What is the problem, Mr. Speaker? The problem is that there are unclear guidelines, uninformed board members and unattentive management. This situation has existed since 1979. During this period of time the manager of sales and contracts for NTCL was a shareholder in Arctic Offshore, a competing company, against which he had to bid. There is an appearance of conflict of interest here. Because of a lack of vigilance, nothing was done about this conflict of interest until a Member of Parliament inquired into the affairs of that company. Now, of course, the chief executive officer has requested that these people divest themselves of their shares, almost five years after the first appearance of a conflict of interest.

What does this say? This company has not been brought before a standing committee of this House for six years. Members of Parliament and the people who are supposed to be responsible for the direction of this company were not asked any questions regarding its operation. That is why it is essential to have a joint committee involved, as has been recommended by Members on this side of the House. It would have