

Territorial Lands Act

The Acting Speaker (Mr. Penner): I must apologize to the Minister of Fisheries (Mr. LeBlanc). I indicated to him previously that he could make a motion from another place in the House. That is so in committee of the whole. However, with Mr. Speaker in the chair, he must be in his assigned place.

● (1450)

When shall the said bill be read the third time?

Mr. Knowles (Winnipeg North Centre): By leave, now.

Hon. Roméo LeBlanc (for the Minister of National Health and Welfare) moved that the bill be read the third time and do pass.

Motion agreed to and bill read the third time and passed.

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TERRITORIAL LANDS ACT**CORPORATIONS IN WHICH GOVERNMENT EMPLOYEES
PROHIBITED FROM ACQUIRING INTEREST**

Hon. C. M. Drury (for the Minister of Indian Affairs and Northern Development) moved that Bill S-20, to amend the Territorial Lands Act, be read the second time and referred to the Standing Committee on Indian Affairs and Northern Development.

The Acting Speaker (Mr. Penner): Is it the pleasure of the House to adopt the said motion?

Mr. Nielsen: Surely we will have an explanation by the parliamentary secretary, Mr. Speaker?

Mrs. Iona Campagnolo (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, my colleague the parliamentary secretary to the Minister of National Health and Welfare (Miss Campbell) has amply shown that example is the best form of demonstrating a point, and I am pleased to follow the hon. member in presenting a bill for the first time on behalf of the Minister of Indian Affairs and Northern Development (Mr. Buchanan).

I should like to explain briefly the purpose of Bill S-20, to amend the Territorial Lands Act. I should state at the outset that this amendment relates exclusively to one particular section of the act and does not alter the original purpose and intent of the legislation. It is intended to remove an unreasonably stringent requirement and the attendant excessive and arbitrary penalty which may be imposed on an employee of the Crown for non-compliance.

I refer to section 24 of the act which prohibits employees of the Government of Canada from holding any interest whatsoever, either direct or indirect, in territorial land except under the authority of an order of the governor in council. This restriction was present in the Dominion Lands Act, the predecessor of the current act, where it was intended to assure the integrity of transactions between employees of the then department of the interior and private industry. In 1923, the prohibition which covered mining rights as well as land interest was extended to

apply to officials of all departments of the Government of Canada.

On repeal of the Dominion Lands Act and the coming into force of the Territorial Lands Act in 1950, the seriousness with which the government viewed its employees maintaining the confidentiality of information entrusted to them on mineral potential in northern Canada was expressed in section 24 which is under review. This section went further than the original in that it extended the original injunction to prohibit shareholding or any other pecuniary interest in any company or corporation which might have an interest in territorial lands.

Over the years, it has been the practice for Crown employees to request approval by order in council to acquire or lease territorial land for personal use as a cottage site. This form of direct interest in territorial lands can be readily controlled and regulated within the machinery established to administer the lands in question. Over the 24-year period between 1950 and 1973, inclusive, 632 such orders in council were made. On the other hand, there has not been a single instance of an employee requesting a similar order in council to purchase shares in a company or corporation having any manner of land interest in northern Canada. Short of voluntary or accidental disclosure of any such interest by the employee concerned, there is no practicable way of monitoring whether a Crown employee is in contravention of a shareholding restriction.

This leads to a further consideration which turns on the ability of a person who invests in a company to maintain the overview on its operations necessary to satisfy himself that that company has no interest, either direct or indirect, in territorial lands. Recent extensive exploration activity in the north has seen many multinational companies, insurance companies, mutual investment funds and other financial institutions directly or indirectly having acquired permits and leases on territorial lands. Rights and interests in these lands are often assigned and transferred between holding and operating companies without public knowledge or notice to shareholders. Moreover, only a very small minority of Crown employees are in a position to have access to privileged information from which they might benefit by investing in companies operating in the north. It is patently unfair to deny the majority from investment opportunities which would be made on the same basis of financial risk accepted by any member of the public.

With the promulgation of the conflict of interest guidelines, employees having any interests which could place them in a potential situation of conflict of interest are expected to make the appropriate disclosures. This eliminates the necessity for individual orders in council relating to shareholders—a requirement never practised and, in fact, administratively very difficult, if not impossible, to enforce—while at the same time ensuring the integrity of transactions between Crown employees and the corporate sector. These guidelines could be made to have the effect also of limiting the indiscriminate generality of coverage of the current section 24 of the Territorial Lands Act to the pertinent group of Crown employees who might stand to benefit from privileged information available to them by virtue of their position in government service.