

Financial Administration

say we might as well be an agency of the government.

Mr. Macdonnell (Greenwood): How does the parliamentary assistant read the word "corporation" in subsection 2? Does he read that as meaning a proprietary corporation or an agency corporation or does he read it as meaning all crown corporations generally?

Mr. Sinclair: In section 78 it says that sections 79 to 88 inclusive apply to agency and proprietary corporations. Unless one is specifically mentioned as either type of corporation, it means both agency and proprietary corporations.

Mr. Macdonnell (Greenwood): Then the distinction which was made is wrong, because the distinction which the parliamentary assistant has just made, if I understood it correctly, was on the basis that this would apply to proprietary corporations.

Mr. Sinclair: That is right, but proprietary corporations were the ones which did not have to submit their operating budgets. Both types of corporation have to submit their capital budgets.

Section agreed to.

On section 81—*Bank accounts.*

Mr. Macdonnell (Greenwood): I should like to set out my understanding of subsection 3 of section 81, and ask the parliamentary assistant if that is his understanding, too. I believe it is a matter of some importance, so I shall read subsection 3:

Notwithstanding the other provisions of this section, where the appropriate minister and the Minister of Finance, with the approval of the governor in council, so direct, a corporation shall pay to the receiver general so much of the money administered by it as the appropriate minister and the Minister of Finance consider to be in excess of the amount required for the purposes of the corporation, and any money so paid may be applied towards the discharge of any obligation of the corporation to His Majesty, or may be applied as revenues of Canada.

What I want to ask is this. Whatever earnings are applied to the revenues of Canada are in aid of the taxpayer. My understanding is, and it is this I want to have confirmed, that in considering the accounts of any such corporation the minister will consider the question of what is capital and what is income according to the normal accounting methods; that is to say, as nearly as possible to what an ordinary, prudent corporation would do, and whatever is prudently regarded as income will be applied to the revenues of Canada.

Mr. Sinclair: That is exactly the situation.

[Mr. Sinclair.]

Section agreed to.

Section 82 agreed to.

On section 83—*Awarding of contracts.*

Mr. Adamson: This is the section under which contracts are let by the various crown agencies. I gather that under this section there is complete freedom in the method of letting contracts. In other words, one year a crown company may call for open tenders to do a certain amount of work; the next year may appoint the Department of Public Works to do a certain amount of work; the next year may make a private contract without public knowledge at all, for another piece of work. Is my interpretation correct?

Mr. Sinclair: To begin with, so far as proprietary corporations are concerned, they obviously must be given the same freedom as any other private company such as the C.P.R. or the Hudson's Bay Company. So far as an agency corporation is concerned, since they are closer to the government in one sense, they come under the same conditions for contractual commitments as would a department of government. This section 83 would exercise more control over the way in which agency corporations can undertake contracts than has existed before.

So far as the proprietary corporation is concerned, however, it has the same latitude as any private company.

Mr. Adamson: A proprietary corporation such as Eldorado or Polymer may make a private contract without calling any open tenders or could ask the government to do the work? They are completely free to undertake work without consulting the government or the treasury board in any way?

Mr. Sinclair: Since the hon. member cited Eldorado, I shall put it this way. The directors have exactly the same powers, so far as operating their business is concerned, as would the directors of Hollinger.

Mr. Macdonnell (Greenwood): Am I right in thinking Eldorado is a company incorporated under the dominion Companies Act?

Mr. Sinclair: Eldorado is under the dominion Companies Act.

Mr. Macdonnell (Greenwood): So there is no regulation of any kind which limits the powers of the directors under the dominion Companies Act. There is nothing as between them and the department or between them and the minister; they are literally just as free as if they were the directors of a private company.