

Section 2.—Crown Corporations

The Crown corporation form of public enterprise is not a new type of organization in Canada but in recent years, as the work of government has become more complex, greater reliance has been placed on it as the appropriate instrument for administering and managing many public services in which business enterprise and public accountability must be combined.

The use of the corporate device to harmonize public responsibility in the development of economic resources and the provision of public services with the pursuit of commercial and industrial objectives has led to the adoption of many different forms and formulas of management. The most usual practice has been to set up a corporation under the provisions of a special Act of Parliament which defines its purpose and sets forth its powers and responsibilities. However, during World War II the Minister of Munitions and Supply was authorized to procure the incorporation of companies under the federal Companies Act, 1934, or under any provincial Companies Act to which he might delegate any of the powers conferred on him under the Department of Munitions and Supply Act or any Order in Council. Under this legislation about 28 companies were created to serve a wide variety of purposes; most of these companies have since been wound up.

Following the successful experience during the war years in relying on the Companies Act for the establishment of Crown companies, similar incorporating powers were granted by an amendment to the Research Council Act and have been incorporated in the Atomic Energy Control and the Defence Production Acts.

In 1946 the Government Companies Operation Act was passed to regulate the operation of companies formed under the Companies Act. However, it was applicable only to a relatively small number of companies and, in order to establish a more uniform system of financial and budgetary control and of accounting, auditing and reporting for Crown corporations generally, Part VIII of the Financial Administration Act was enacted in 1951 and brought into operation by proclamation on Oct. 1, 1952. Upon its enactment the financial provisions of the Government Companies Operation Act were repealed.

One of the more interesting features of the later legislation is the attempt that has been made to define and classify Crown corporations.* The Act defines a Crown corporation as a corporation that is ultimately accountable, through a Minister, to Parliament for the conduct of its affairs and establishes three classes of corporation: departmental, agency and proprietary.

Departmental Corporations.—A departmental corporation is defined as a Crown corporation that is a servant or agent of Her Majesty in right of Canada and is responsible for administrative, supervisory or regulatory services of a governmental nature. Ten departmental corporations are listed in Schedule B to the Act:—

Agricultural Stabilization Board (formerly Agricultural Prices Support Board)
 Atomic Energy Control Board
 Canadian Maritime Commission
 Director of Soldier Settlement
 The Director, The Veterans' Land Act
 Dominion Coal Board
 Fisheries Prices Support Board
 National Gallery of Canada
 National Research Council
 Unemployment Insurance Commission.

* Not all Crown corporations are subject to the provisions of the Financial Administration Act. For example, the Canadian Wheat Board, the Bank of Canada and its subsidiary, the Industrial Development Bank, because of the special nature of their functions, are excluded from operations of the Crown corporations Part of the Act and are governed by their own Acts of incorporation, as are such joint enterprises of the Federal and Provincial Governments as the Eastern Rockies Forest Conservation Board and the Halifax Relief Commission. Though not included in the Schedules to the Financial Administration Act, certain provisions of the Act apply to the Northern Ontario Pipe Line Crown Corporation, set up on June 7, 1956, to oversee the building of a cross-country natural gas pipeline. The Canada Council was set up under the Canada Council Act (assented to Mar. 28, 1957) as a Crown corporation but has been declared not an agency of the Crown and hence is not included in the Schedules to the Financial Administration Act.