

Crown Corporations in Canada

“In theory, there is no difference between theory and practice. But in practice, there is.”

Chapter Summary

The development and practice of Crown corporations, public enterprises, or state-owned enterprises (SOE) by government are situated exclusively between the public sector and the private sector. As Canada is a constitutional democracy, the term, “Crown” identifies the role and opportunity of the state to intervene in society. Thus, traditionally, government formed Crown corporations to sustain commercial activities, but they also have public goals. Although they are financially independent from government operations, they are still held accountable for their actions to a minister who reports directly to parliament and as well, the author stresses that corporations should be financially sustainable. The author advocates that the entrepreneurship of their managers is paramount to their understanding of government objectives and policies, along with the corporation’s economic activities.

Crown corporations have typically operated at “arm’s length” from government. This was the government’s attempt to offer a service that also served as a policy instrument of government. Crown corporations were initially developed to respond to a multitude of public issues, national interest, and the development of certain industries, such as infrastructure, transportation, and communication, including the Canadian National Railway (CNR) and Petro-Canada. Other reasons for Crown corporations relate to issues surrounding government bailouts and financing a private sector business that serves the public interest.

The organization of Crown corporations can be similar to a private sector enterprise. There are a board of directors, a chief executive officer, and as the author suggests, an organizational culture that differentiates and interprets the importance of the corporation’s purpose. The overall

purpose of a Crown corporation was to establish control and governance over a particular sector in the economy, while also creating a sense of nationalization while operating autonomously.

Annotated Weblinks

- 1) <https://www.tbs-sct.gc.ca/report/rev-exa/gfcc-cgse-eng.pdf>

The Treasury Board Secretariat's 2005 report to Parliament on a "Review of the Governance Framework for Canada's Crown Corporations." This report addresses the role of Crown corporations, clarifying accountability relationships and the role of the Board of Directors.

- 2) <https://www.tpsgc-pwgsc.gc.ca/recgen/manuels-manuals/chap18/07-eng.html>

This site provides a list of current Crown corporations in Canada and their related business entities, compiled by The Government of Canada for reference purposes.

- 3) <https://lop.parl.ca/content/lop/ResearchPublications/prb0580-e.htm>

The Library of Parliament published a report on governance and an accountability framework for Crown corporations in Canada, including a review of reforms in recent years.