

CANADA'S  
PUBLIC POLICY

**FORUM**

DES POLITIQUES PUBLIQUES  
DU CANADA

# Crown Corporation Governance

Three ways to manage the tension  
between autonomy and control

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**AUGUST 2016**

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PUBLIC POLICY

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The Public Policy Forum works with all levels of government and the public service, the private sector, labour, post-secondary institutions, NGOs and Indigenous groups to improve policy outcomes for Canadians. As a non-partisan, member-based organization, we work from “inclusion to conclusion,” by convening discussions on fundamental policy issues and by identifying new options and paths forward. For 30 years, the Public Policy Forum has broken down barriers among sectors, contributing to meaningful change that builds a better Canada.

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In recent years – and even months – confusing signals have surrounded the governance of Crown corporations in Canada. Whether it is the privatization of Hydro One in Ontario, the process for appointing board governors in Manitoba, or questions regarding compensation for “part-time” work in Ottawa, there is growing awareness of the need to clarify and strengthen the governance models of Crown corporations. While these challenges are not new, they have become acute in an era of increasing insistence on accountability, transparency, and openness. In this environment, it is easy to confuse the signal for the noise, weakening governance and sowing confusion.

For these reasons, the Public Policy Forum led a multi-sectoral partnership to investigate some of the challenges facing Crown corporation governance, with a view to identifying a number of paths forward.

The Forum works from inclusion to conclusion, which means we reach out broadly and work toward solutions. In this instance, inclusion meant convening not just governors (board members) and board chairs from Crown corporations, but also senior civil servants and thought leaders from the private sector. The Forum held a roundtable, conducted a series of one-on-one interviews, and organized a virtual study tour to ensure that our work accounted for national trends and regional differences.

The conclusion portion of this project makes three recommendations and offers proposed next steps. The report begins by reviewing the history of Crown corporations, the evolution of the challenges confronting them, and the responses of governments both federal and provincial in the face of those challenges. Our analysis and recommendations are meant to move the yardsticks materially forward, but they are not the last word by any means. These key relationships call out for additional attention.

My thanks to Jeannie Dempster and Isabelle Couture for their leadership on this project.

A handwritten signature in black ink, appearing to read "Ed Greenspon". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Edward Greenspon  
President & CEO

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## Executive Summary

Since their inception, Crown corporations have played a vital role in serving the public interest, as well as advancing policy and commercial objectives. For decades, governments have endeavoured to strike the right balance between Crown corporation autonomy and government oversight and control. Yet, growing government intervention is increasingly eroding the autonomy, agility, and responsiveness that have been defining rationale for the existence of Crown corporations. Today, many are beset by the type of bureaucratic barriers and delays that Crown corporations were initially designed to overcome.

Despite attempts to modernize Crown corporation governance and the interrelationship of Crown corporations with government, many of the recommendations in jurisdictional reviews have been unevenly applied. As a result, government and Crown leaders continually identify the same core issues as requiring greater understanding and clarification without moving the yardsticks forward. The three major issues are (1) misaligned objectives, (2) unclear roles and responsibilities, and (3) uncertain relationships and irregular interactions between government and Crown corporation leaders.

To further this important area of examination, the Public Policy Forum and its partners organized a study to explore the evolving *raison d'être* of Crown corporations in the context of these three challenges. Through a roundtable, a virtual study tour, and in-depth interviews, we engaged government, Crown corporation leaders and governance experts.

The governance structure of Crown corporations needs to be probed more deeply, in particular the differing governance structures for different Crown corporations. An examination should be made as to which accountability mechanism makes best sense for individual Crown corporations, touching on everything from their ability to raise money independently to their reporting and governance structures.

Building on the work of previous commissions and studies, the research of the Public Policy Forum offers three recommendations in this report.

1. In order to better align objectives, the Government department to whom individual Crown corporations report should publish mandate letters or their equivalent. Each new Government should produce fresh, publicly available mandate letters for Crown corporations, just as the Prime Minister has published mandate letters for each Department. Thus expectations and accountabilities will be clear and management, government, the board and the ultimate shareholder, Canadian citizens, will be well informed of priorities.
2. In order to clarify roles and responsibilities, ensure that board chairs act as key participants in CEO selection. Also, take measures to educate incoming board members as to the mandate, mission, and special status of the particular Crown corporation.
3. In order to strengthen accountability and build trust, regularize interaction between Crown corporation CEOs and Deputy Ministers and, less frequently, between Crown corporation Chairs and Ministers, as is the case within government.



# History, Evolution, Contemporary Challenges

## What is a Crown corporation?

Crown corporations are defined as “corporations [that are] wholly owned by the Crown and most are agents of the Crown. Each Crown corporation’s enabling legislation [...] sets out in broad terms the Crown corporation’s mandate, powers and objectives”<sup>1</sup> and “[while] Crown corporations operate at arm’s length from the government, as public institutions, they are ultimately accountable to the government.”<sup>2</sup>

The first federal Crown corporation was the Canadian National Railway Company, established in 1922 to protect key transportation links in Canada and the United States by acquiring several bankrupt railway lines.<sup>3</sup> Many of the federal Crown corporations created since have been designed to fill gaps or emerging needs that are not easily addressed by the private sector.<sup>4</sup> For example, the Canadian Air Transport Security Authority (CATSA) was formed following the September 11 terrorist attacks to protect the public through screening air travellers and their baggage.<sup>5</sup> As of September 30, 2015, the federal government had a total of 44 Crown corporations and 186 Subsidiaries and Associates.<sup>6</sup>

Crown corporations are a substantial part of the Canadian economy, with 44 federally mandated Crown corporations and several hundred provincially mandated ones. Despite the significance of this type of organization, the role of Crown corporations in Canada and the differences among them is generally not well understood, compounded by the scarce information available about this sector. There is not a central place to find periodic and regular information about Canadian Crown corporations, such as the total number of people employed, the amount collectively produced in annual revenue, the percentage this contributes to Canada’s GDP, nor comparisons to public and private Canadian companies. The Organization for Economic Co-operation and Development did however publish a comparative report on the size and sectoral distribution of state-owned enterprises in OECD countries in 2014. The report revealed that as of late 2012, the then 47 federal Crown corporations employed 86,558 people and the value of its enterprises was equal to about CAD \$28.3B.<sup>7</sup>

At the provincial level, many Crown corporations operate in the same areas of the economy as federal Crown corporations and were designed to meet comparable policy and business objectives. However, provincial Crown corporations have also been traditionally more involved in the regulation of certain areas of economic and social activity, including utilities and power generation, liquor distribution, gaming and lotteries, and culture.<sup>8</sup>

## What does a Crown corporation do?

As government-owned enterprises and quasi-independent organizations, most Crown corporations are created by statute to implement policy priorities that are deemed to be “best achieved in a corporate environment.” As such, these organizations have both private and public sector characteristics: they operate on a private sector model but under the auspices and oversight of the public sector, as sole shareholder.

Canadian Crown corporations operate at both the federal and provincial levels of governments and in several sectors of the economy, such as transportation, telecommunications, energy and utilities. They also vary in size, function, degree of autonomy and policy focus. Some of their objectives include:

- providing an essential good or service (e.g., VIA Rail Canada Inc. and BC Transit);
- fostering economic development (e.g., Export Development Canada and Alberta Investment Management);
- regulating sensitive industries (e.g., Atomic Energy of Canada Limited); and,
- building national unity (e.g., Canadian Broadcasting Corporation and Manitoba Film and Music)<sup>9</sup>.

1 Treasury Board of Canada Secretariat, “Directors of Crown Corporations: An Introductory Guide to Their Roles and Responsibilities,” 2002. [Online]. Available: <https://www.tbs-sct.gc.ca/gov-gouv/role/role02-eng.asp>

2 Treasury Board of Canada Secretariat, “Guidance for Crown Corporations,” 2010. [Online]. Available: <https://www.tbs-sct.gc.ca/gov-gouv/rc-cr/gui-dir>

3 Globe and Mail, “What are Crown corporations and why do they exist?” 2012. [Online]. Available: <http://www.cbc.ca/news/canada/what-are-crown-corporations-and-why-do-they-exist-1.1135699>

4 Globe and Mail, *ibid*.

5 Canadian Air Transport Security Authority, “About us,” 2016. [Online]. Available: <http://www.catsa.gc.ca/about-us>

6 Treasury Board Secretariat, “Organizations by Portfolio and Institutional Form,” 2015. [Online]. Available: <http://www.tbs-sct.gc.ca/hgw-cgf/finances/rgs-erdg/cc-se/institution/organizations-organisations-eng.asp>

7 OECD, “The size and sectoral distribution of SOEs in OECD and partner countries,” 2014. [Online]. Available: <http://www.oecd.org/daf/ca/size-sectoral-distribution-soes-oecd-partner-countries.htm>

8 Conference board Canada and Globe and Mail, “What are Crown corporations and why do they exist?” 2012.

[Online] Available: <http://www.cbc.ca/news/canada/what-are-crown-corporations-and-why-do-they-exist-1.1135699>

9 Brennan, Denise. “Crown Corporations in Canada,” 2006. [Online]. Available: <http://mapleleafweb.com/features/crown-corporations-canada>

Canadian state-owned enterprises may not always be recognized by the public, as they can take on different names. While many organizations include the word “corporation” within their title, others use appellations such as “agencies,” “commissions” and “authorities.”

Unlike government departments or ministries, which are typically referred to as the core public service, Crown corporations are usually afforded a higher degree of operational autonomy and flexibility. This allows them to execute long-term plans while maintaining the capacity to respond quickly. As part of the broader public sector, Crown corporations are also required to abide by a wide and varying set of rules and to align their organizations with government legislation, regulation, policies, and guidelines.

## How is a Crown corporation governed?

Crown corporation governance structure differs significantly from those of traditional government departments. Crown corporations generally operate similar to a private sector organization, with a CEO and a board of directors. Typically, the CEO will oversee the daily operations and report to the Crown corporation board on corporate performance. In turn, the board of directors is accountable to a Minister as the representative of the single shareholder and is responsible “for the oversight of a Crown corporation’s business activities and other affairs, and has the responsibility to act in the best interests of the corporation and to exercise due care and diligence.”<sup>10</sup>

While the appointment process for Crown corporation executives greatly varies across Canadian jurisdictions, the federal government has established clear rules on CEO and Board member selection for most federal Crown corporations. **Board chairs** may be appointed by the Governor in Council or designated by the Governor in Council from among the directors of the corporation. **Board directors** are appointed either by the responsible Minister with the approval of the Governor in Council, or by the Governor in Council. **Chief Executive Officers** are appointed by the Governor in Council, by the Board of Directors with the approval of the Governor in Council, by the Governor in Council on the recommendation of the Board of Directors or by the Board of Directors itself.<sup>11</sup>

## How have the times changed for Crown corporations?

When first established, Crown corporations were to be afforded a greater level of managerial autonomy than other government departments in order to achieve their business objectives and public needs. This relationship was meant to shield the activities of Crown corporations from direct political control, allowing them the flexibility to respond quickly to rapidly changing market conditions. In addition, increased operational independence also provided state-owned enterprises with greater opportunities for longer-term thinking than most government departments.

Governments maintain their oversight and influence over Crown corporations via legal and governance mechanisms. For example, the legal framework for general financial management and accountability of federal Crown corporations is provided under the *Financial Administration Act* or in their enabling legislation. Several other mechanisms are also available to governments in order to retain an appropriate level of direction and control over Crown corporations, including: the appointment, remuneration, and dismissal of Crown corporation executives, and the approval of corporate plans and budgets.<sup>13</sup>

The unique balance between autonomy and accountability helps Crown corporations become important contributors to Canada’s economic and social well-being. Yet, in the 1970s, many observers started to re-evaluate the balance, with some questioning Crown corporations’ autonomy, relevance, value, and role. At the core of the debate was “the view that the scope and economic importance of crown corporations had outdistanced Ottawa’s capacity to control them, and that crown corporations had become too prominent in the economy.”<sup>14</sup> These concerns eventually led to increased pressure to reform federal Crown corporations. Changes came in two ways: through the privatization of some Crown corporations; and amendments to their governance and accountability regimes.

The privatization of federal Crown corporations began to accelerate between the mid-1980s and mid-1990s. Then Prime Minister Brian Mulroney, inspired by economic

10 Prime Minister of Canada Justin Trudeau, “Open and Accountable Government, H.3. Crown Corporations,” 2015.

[Online]. Available: [http://pm.gc.ca/eng/news/2015/11/27/open-and-accountable-government#Portfolio\\_Organizations](http://pm.gc.ca/eng/news/2015/11/27/open-and-accountable-government#Portfolio_Organizations)

11 Treasury Board of Canada Secretariat, “ARCHIVED - Review of the Governance Framework for Canada’s Crown Corporations - Meeting the Expectations of Canadians,” 2005. [Online] <http://www.tbs-sct.gc.ca/report/rev-exa/gfcc-cgsetb-eng.asp>

12 Historica Canada, “Crown Corporation,” 2013. [Online]. Available: <http://www.thecanadianencyclopedia.ca/en/article/crown-corporation/>

13 Library of Parliament, “Crown corporation governance and accountability framework: a review of recently proposed reforms,” 2006.

[Online]. Available: <http://www.loppar.gc.ca/content/lopp/researchpublications/prb0580-e.htm>

14 Historica Canada, “Crown Corporation,” 2013. [Online]. Available: <http://www.thecanadianencyclopedia.ca/en/article/crown-corporation/>



policies in the United Kingdom, appointed a minister of state for privatization to oversee the sale of iconic Crown corporations, including Petro-Canada and Air Canada. Since then, other Crown corporations have been privatized at the federal and provincial levels, including the Canadian National Railway, Atomic Energy of Canada Limited, the Alberta Liquor Control Board, Saskatchewan Potash Corporation, and Nova Scotia Power.<sup>15</sup>

More recently, the Government of Ontario announced its plan to privatize Hydro One, the government-owned electricity agency, by selling shares on the stock market over time while maintaining a minority managing position in the long-term. This decision has led to some concerns over the potential increase of electricity prices under a privatized system, degradation of service quality, and lack of oversight.

## Federal reforms

There have been two eras of considerable attempts to enhance the governance of Crown corporations; one in the 1980s and one in the early aughts.

In 1984, the federal government amended the *Financial Administration Act* to strengthen the control and accountability framework and to better outline the roles and responsibilities of Crown corporation shareholders and executives. While the 1984 amendments were the last major changes to the federal legislative framework – creating the current Crown corporation governance model – several reviews of this model have since been conducted:

- In 2003, the Auditor General of Canada published a report that revealed three major areas of concern about financial management in six Crown corporations. These issues included “the improper transfer of funds between federal organizations; the lack of evidence of value-for- money in the allocation of contracts; and the failure to detect, through internal audit, the inappropriate movements of public funds.”<sup>16</sup> This report, as well as the resulting Commission of Inquiry, introduced a series of reforms, legislative changes and guidelines to improve the governance framework of Crown corporation, including rules that audit committees required enhanced expertise in financial management and accounting.

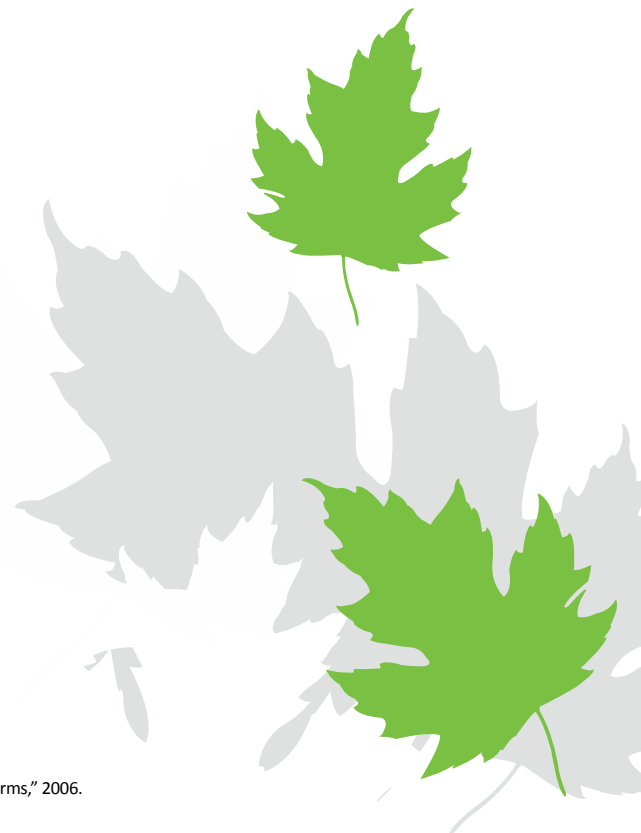
- In 2005, the report entitled “Meeting the Expectations of Canadians – Review of the Governance Framework for Canada’s Crown corporations” recommended clarifying the relationship between ministers and Crown corporations in four ways:
  - strengthening the corporations’ accountability regimes;
  - making the appointment process more transparent;
  - strengthening their audit regimes; and,
  - making their activities and operations more transparent.
- Two additional measures emerged in 2013. First, *Bill C-60* provided the Treasury Board ministers increased control over employment practices and operations of several federal Crown corporations. The second development was *Guidelines for Audit Committees in Crown Corporations and Other Public Enterprises*, which provided suggestions for the boards of directors and audit committees of federal Crown corporations. The Guidelines present a framework to support the work of audit committees.

<sup>15</sup> Globe and Mail, “What are Crown corporations and why do they exist?” 2012.

[Online]. Available: <http://www.cbc.ca/news/canada/what-are-crown-corporations-and-why-do-they-exist-1.1135699>

<sup>16</sup> Library of Parliament, “Crown corporation governance and accountability framework: a review of recently proposed reforms,” 2006.

[Online]. Available: <http://www.lpp.parl.gc.ca/content/lpp/researchpublications/prb0580-e.htm>



## Communicating government directions – a federal three-tiered approach

The **responsible Minister** is accountable for providing guidance to boards on the interpretation of a Crown corporation's objectives. The Minister also monitors and engages with Crown corporations as needed to ensure the corporation is meeting expectations. This is often done through annual mandate letters and meetings with the Chair.

The **Minister of Finance** is responsible for reviewing and monitoring the impact of the Crown corporations on the fiscal framework. The Minister is charged with:

- reviewing and monitoring the funding of Crown corporation activities;
- providing related approvals for a Crown corporation's borrowing transactions, and if required, corporate plans and capital budgets; and,
- taking necessary actions to ensure a Crown corporation's operations are aligned with the Government's fiscal priorities.

Under the *Financial Administration Act*, the **Treasury Board** is responsible for approving the budget of Crown corporations. The Governor in Council is responsible for approving a Crown corporation's corporate plan. In making these decisions, the Treasury Board works to ensure the Crown corporation's operations are aligned with the Government's overall priorities, and designed, implemented, and delivered to realize the appropriate results while achieving value for investments.

Source: [http://pm.gc.ca/eng/news/2015/11/27/open-and-accountable-government#Portfolio\\_Organizations](http://pm.gc.ca/eng/news/2015/11/27/open-and-accountable-government#Portfolio_Organizations)

## Provincial reforms

In 2006 the Government of Quebec launched a review to modernize – and streamline – the governance model of all government corporations. In response, Quebec passed sweeping legislation to bring all 24 of its public bodies into greater alignment.<sup>17</sup>

In 2010, the Government of Ontario commissioned a former Secretary of the Cabinet to undertake a review of provincial agencies, with a special focus on board-governed agencies. The review produced 14 recommendations that have resulted in reforms to clarify the expectations for agencies and appointees. Many provincial governments instituted additional changes to achieve four goals:

- establish clearer and more rigorous procurement standards;
- set parameters for how board members find, hire, and oversee the performance of CEOs;
- ensure compensation and travel requirements are more aligned with the rules in government departments/ministries; and,
- maintain or increase departments/ministries and central agencies' capacity to have a "challenge" or "oversight" function on Crown governance issues.

Despite attempts to modernize Crown corporation governance and the interrelationship of Crown corporations with government, many of the recommendations put forth in jurisdictional reviews have been unevenly applied. A clear mandate from elected representatives is essential for the alignment of government and Crown corporation objectives and policy priorities. However government directives have also become a source of confusion for some Crown corporation leaders. This appears to be in part due to conflicting demands and operational goals within corporate mandates, which generally require a balance between maximizing profitability and serving the public interest.

<sup>17</sup> Finances Québec, "Modernizing the Governance of Government Corporations: Policy Statement," 2006. [Online]. Available: [http://www.finances.gouv.qc.ca/documents/autres/en/modernizing\\_governance.pdf](http://www.finances.gouv.qc.ca/documents/autres/en/modernizing_governance.pdf)



# Three Paths Forward

## How can the governance of Crown corporations be strengthened?

Beyond the responsibility of government to develop policy mandates and of Crown corporations to operationalize these directives, the roles and responsibilities of Crown corporations are not always well articulated. Opacity is never helpful to good governance and feeds a climate of mistrust and uncertainty. Good leadership can bridge this problem, which stems from structural shortcomings in the nature of the relationship between governments and entities that presumably exist because it is believed their functions cannot be well carried out either by government departments or the private sector.

Crown corporation governance structure benefits from the guidance of board chairs and directors, who are responsible “for the oversight of a Crown corporation’s business activities and other affairs, and has the responsibility to act in the best interests of the corporation.”<sup>18</sup> Crown corporation boards apply a level of due care and diligence – which would be more difficult and expensive for governments to provide – to the Crown corporations’ decision-making processes.

Approaches in high-level training for board chairs and directors vary across provinces and Crown corporations. In provinces where training programs exist, most programs aim to provide board directors and chairs with a better understanding of their role and of the key differences between private and public institutions by focusing on the specifically unique characteristics of Crown corporations. These programs seek to prepare them for fully exercising their leadership abilities in the unique context of Crown corporations’ governance.

For example, the Government of Manitoba’s *Board Performance Training* program<sup>19</sup> is offered by the Crown Corporations Council and is intended for all public board chairs, directors, and senior staff who provide direct support to the governance of Manitoba’s public sector agencies, boards, commissions, and Crown corporations. Workshops revolve around areas of core competencies and current issues that affect governance and leadership

in Manitoba’s public sector, including roles and responsibilities, finance, strategy, risk, evaluation, and performance. Sessions include individuals from a variety of boards, and are held in a small group setting to encourage participants to engage in discussions with their peers on presented topics.

In Saskatchewan, the Crown Investments Corporation has partnered with the Conference Board of Canada to offer directors and CEOs of its subsidiary Crown corporations an opportunity to participate in the Directors College Chartered Director Training Program<sup>20</sup>. The Directors College is a joint venture between the Conference Board of Canada and the DeGroote School of Business at McMaster University. Participants who complete all five modules and successfully challenge a written exam receive the university designation of Chartered Director from McMaster University.

## Communication lines and regular meetings

Establishing clear and consistent lines of communication is critical for developing strong relationships between Crown corporations and their respective ministries. Yet some Crown corporation leaders continue to have difficulties engaging with their direct counterparts at the shareholder level (e.g., board chair to responsible Minister and CEO to deputy minister). In some situations, this has meant that Crown chairs, CEOs, and staff must interact with other interlocutors in the responsible minister’s office and/or department, a situation that can impede clear communications and strategic decision-making.

The frequency of meetings between Crown corporations and responsible government leaders also varies greatly among Crown corporations.

Although a hands-off approach may indicate a certain level of trust in Crown leadership by governments, this distance also can prevent critical strategic conversations from taking place and confuse accountability principles. Strategic clarity suffers and, from the perspective of the government of the day, operational decisions made with board approval but without ministerial knowledge may create unforeseen consequences that directly involve the elected government.

18 Prime Minister of Canada Justin Trudeau, “Open and Accountable Government, H.3. Crown Corporations,” 2015.

[Online]. Available: [http://pm.gc.ca/eng/news/2015/11/27/open-and-accountable-government#Portfolio\\_Organizations](http://pm.gc.ca/eng/news/2015/11/27/open-and-accountable-government#Portfolio_Organizations)

19 Crown Corporations Council. “About Board Performance Training,” 2016. [Online]. Available: <http://www.crowncc.mb.ca/en/training/about>

20 The Directors College. “Chartered Director Program,” 2016. [Online]. Available: <http://thedirectorscollege.com/programs/c-dir>

There is need for a stronger model that prescribes the existence of pre-established relationships and an open line of communication between the equivalent governance levels (e.g. responsible Minister to board chair and deputy minister to Chief Executive Officer). Some provinces have already taken steps to formalize these relationships and have, for example, set out a minimum number of meetings between government and Crown corporation leaders or developed engagement and communication strategies as part of the Crown corporations' annual review process. Some provinces have put in place umbrella offices that in addition to promoting good Crown corporation governance, also work with government and Crown corporations to build accountability, transparency, and trust.

The Government of British Columbia has implemented several strategies to clarify key leaders' roles and relationships and implement government policy. For example, in 2011, it issued a companion guide, the *Shareholder's Expectations for British Columbia Crown Agencies*, which outlines how Crown corporations and government departments are to coordinate and collaborate to fulfill respective roles and responsibilities. The Government of British Columbia also issues annual mandate letters to Crown corporations; these letters contain a mandate statement and priorities for the coming year. Together, these documents help to clarify formal relationships and reporting procedures between British Columbia's provincial legislature, executive government, and Crown corporations.

Some governments have undertaken initiatives to reinvigorate relationships between Crown corporations and governments and identify some of the components for constructive relationships. The Government of Ontario recently launched its *Relationship Management Framework* that aims to improve relations via the implementation of relationship management training programs and relationship charters that set out rules of engagement, co-developed by Ministries and Crown corporations. While this framework is still in testing and evaluation, it may ultimately serve as a model for relationship management that could be replicated and right-sized for use by any provincial Crown corporations in Ontario and beyond.

The Ontario Treasury Board Secretariat is also working with two ministries (Health and Long-Term Care and Transportation) and two of the ministries' larger agencies on a Proof of Concept approach that is expected to produce best practices that ministries and agencies can employ to ensure appropriate strategic and administrative relationships are developed, nurtured, and maintained over the long term.

## Attracting and retaining talent

Crown corporations are not government departments. They have been created to exist at a certain distance from government and therefore the selection of a Crown corporation chair should differ from that of a deputy minister. Crown corporation leaders, particularly board chairs who have expert knowledge of a given corporation's strategy and operational *raison d'être*, could offer guidance by providing a list of candidates from which governments can choose and provide a degree of rigour in the vetting process. In turn, governments should always consider internal candidates as part of a leadership search. In any event, special care must be taken to involve the board and particularly the chair. The joint and collaborative selection of candidates based on agreed job descriptions would help Crown and government leaders build a relationship of openness and trust, ensuring that new directors can create links between government and Crown corporations by having the board's full support and the confidence of the shareholder.

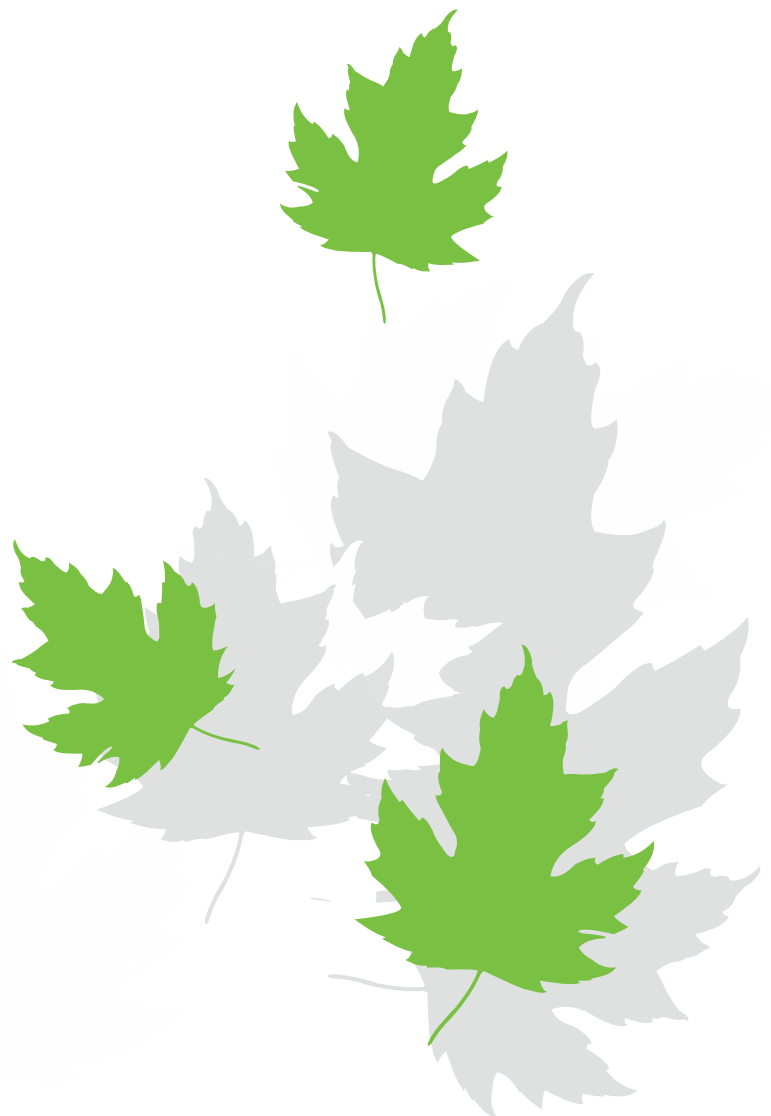
Some study participants viewed the inclusion of deputy ministers and politicians on the Crown corporations' boards of directors as an idea that could benefit Crown corporation governance. Whether formally or informally, deputy ministers should be invited to board meetings from time-to-time to provide their perspectives on specific matters of relevance to the corporation.

Finally, as with corporate governance in the private sector, Crown corporation boards would greatly benefit from more regular engagement with the executives reporting to the CEO. For example, the Crown corporations' chief financial officer and chief corporate officer should meet at regular intervals with the board of directors to bring their perspectives to bear on issues of relevance to the board. Increasing the exposure of the Crown corporation's management team to the board could help create a more thorough understanding of business issues and, ultimately, improve the depth of analysis reported back to government.

## Recommendations and next steps

The governance structure of Crown corporations needs to be probed more deeply, in particular the differing governance structures for different Crown corporations. An examination should be made as to which accountability mechanism makes best sense for individual Crown corporations, touching on everything from their ability to raise money independently to their reporting and governance structures. Building on the work of previous commissions and studies, the research of the Public Policy Forum offers three recommendations in this report.

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2. In order to clarify roles and responsibilities, ensure that board chairs act as key participants in CEO selection. Also, take measures to educate incoming board members as to the mandate, mission, and special status of the particular Crown corporation.
3. In order to strengthen accountability and build trust, regularize interaction between Crown corporation CEOs and Deputy Ministers and, less frequently, between Crown corporation Chairs and Ministers, as is the case within government.



## Appendix 1 - Roundtable Agenda

### Crown Corporation Governance Executive Policy Roundtables

**8:30 a.m. Arrival & networking**

**9:00 a.m. Welcome and Tour de table**

Canada's Public Policy Forum

**Opening remarks**

**Facilitated discussion**

*Participants will be asked to provide some insights on the following discussion questions:*

- What is the right balance between Crown corporation autonomy and government oversight/ control?
- What key challenges or concerns do government and Crown leaders have about the governance of Crown corporations?
- How could the roles and responsibilities of key leaders be clarified to improve Crown corporation governance?

**10:55 a.m. Closing remarks**

**11:00 a.m. Adjourn**

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## Appendix 2 - Virtual Meeting Agenda

### Crown Corporation Governance Virtual Study Tour

Monday December 7, 2015 | 10 a.m. – 11:30 a.m. (EST)

**10:00 a.m. Welcome and introductions**

Jeannie Dempster, Vice President, Canada's Public Policy Forum

**Opening remarks**

Scot Weeres, Director, Agency Governance Branch, Treasury Board Secretariat, Government of Ontario

**10:10 a.m. Presentation and facilitated discussion**

**Improving relationships between Ministries and Crown Corporations**

Scot Weeres, Director, Agency Governance Branch, Treasury Board Secretariat, Government of Ontario

**10:40 a.m. Facilitated discussion**

*Participants will be asked to provide some insights on the following key aspects:*

- Approaches to implementing government policy (through mandate letters, etc.)
- Compliance with orders and directives (how to measure success and report on objectives through Corporate Plans and Annual Reports)
- Crown CEO and Board appointment processes (how to make sure candidates have the required skillset)
- Approaches and methods in high-level training for CEOs and Board Chairs

**11:25 a.m. Closing remarks**

**11:30 p.m. Adjourn**

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Transport  
Canada

Transports  
Canada

## Appendix 3 - Meeting Participant Lists

### MONTREAL ROUNDTABLE (June 2, 2015)

**Luc Bernier**

Professeur Titulaire  
École nationale d'administration publique

**Laurel Broten**

President and CEO  
Nova Scotia Business Incorporated

**Benoit Daigneault**

President and CEO  
Export Development Canada

**Jeannie Dempster**

Vice-President  
Public Policy Forum

**Yves Desjardins-Siciliano**

President and CEO  
Via Rail

**Sam Erry**

Assistant Deputy Minister  
Corporate Policy, Agency Governance and Open  
Government Division  
Government of Ontario

**Jean-René Halde**

President and CEO  
Business Development Bank of Canada

**Laine Johnson**

Research Assistant  
Public Policy Forum

**Karen Kastsner**

VP, Office of the President  
Business Development Bank of Canada

**Mark Kristmanson**

President and CEO  
National Capital Commission

**Jean-Francois Legault**

Corporate Secretary and Chief Legal Officer  
Via Rail

**David Mitchell**

Former President and CEO  
Public Policy Forum

**Laurel Murray**

President  
Murray Management Consulting

**Michel Nadeau**

Director General  
Institute for Governance of Private and Public  
Organizations

**Karen Oldfield**

President and CEO  
Halifax Port Authority

**Louise Paradis**

Senior Vice President, Legal Affairs and Corporate  
Secretary  
Business Development Bank of Canada

**Pia Pietrangeli**

Director, Regulatory  
Framework  
Canada Post

**Louis Ranger**

Former Deputy Minister  
Transport Canada

**Evan Siddall**

President and CEO  
Canada Mortgage and Housing Corporation

**Marial Stirling**

Legal Counsel and Principal  
Corporate Oversight & Governance,  
Chartered Professional Accountants of Canada

**Charles-Antoine St-Jean**

National Public Sector Leader  
Ernst and Young

**Marie-Anne Tawil**

Membre du Comité de gouvernance et d'éthique et du  
Comité de vérification  
Hydro-Québec

**Melanie Tod**

Director General, Crown Corporations and Portfolio  
Governance  
Transport Canada

**Scot Weeres** Director, Agency Governance Branch Treasury  
Board Secretariat  
Government of Ontario



## REGINA ROUNDTABLE (October 6, 2015)

### **Malcolm Bird**

Professor of Political Science  
University of Winnipeg

### **R. W. (Dick) Carter**

Chair  
Regina Qu' Appelle Regional Health Authority

### **Sasha Clarke**

Director, Branch Operations and Portfolio Analysis  
Crown Agencies Resource Office  
Government of British Columbia

### **Isabelle Couture**

Project Lead  
Public Policy Forum

### **Wendy Dean**

Director, Corporate Secretariat  
Crown Investments Corporation

### **Jeannie Dempster**

Vice President  
Public Policy Forum

### **Michael Hoffort**

President and Chief Executive Officer  
Farm Credit Canada

### **Mitch Holash**

Chair, Board of Directors  
Saskatchewan Transportation Company

### **Doug Kosloski, Q.C.**

Senior Vice-President and General Counsel  
Crown Investments Corporation

### **Anne Neufeld**

Provost and Vice President  
Saskatchewan Polytechnic

### **Karen Oldfield**

President and Chief Executive Officer  
Halifax Port Authority  
Public Policy Forum board of Directors

### **Anne Parker**

Chair  
Institute of Corporate Directors (SK chapter) and Managing  
Director and Chief Operating Officer  
Greystone Managed Investments

### **Rob Pletch**

Chair, Board of Directors  
SaskPower

### **Annette Revet**

Executive Director, University Governance and Secretary,  
Board of Governors  
University of Regina

### **Bryan Richards**

President and Chief Executive Officer  
Global Transportation Hub

### **Chuck Sanderson**

President and Chief Executive Officer  
Crown Corporations Council, Manitoba

### **Christine Savage**

Executive Director, Agencies, Boards and Commissions  
Review, Service Alberta  
Government of Alberta

### **Marial Stirling**

Legal counsel and Principal  
Corporate Oversight & Governance  
Chartered Professional Accountants Canada

### **Blair Swystun**

President and Chief Executive Officer  
Crown Investments Corporation of Saskatchewan

## VIRTUAL MEETING (December 7, 2015)

**Janice L. Brown**

Senior Corporate Policy Analyst, Governance & Accountability  
Executive Council Office, Government of Nova Scotia

**Yolande Chapman**

Registrar, Board Appointments  
Government of Northwest Territories

**John Connell**

Vice President Government Relations  
Business Development Bank of Canada

**Isabelle Couture**

Project Lead  
Public Policy Forum

**Taryn Cronk**

Coordinator, Operations & Machinery of Government,  
Executive Council Agency, Governance Secretariat  
Government of Alberta

**Gigi Dawe**

Lead Principal  
Chartered Professional Accountants of Canada

**Wendy Dean**

Director, Corporate Secretariat  
Crown Investments Corporation

**Jeannie Dempster**

Vice President  
Public Policy Forum

**Maryse Harvey**

Director, Government Relations  
Business Development Bank of Canada

**Carol Kallio**

Manager, Agency Governance and Appointments  
Secretariat, Machinery of Government, Executive Branch  
Government of Alberta

**Marie-Anne Lavoie**

Analyste, Direction de l'organisation financière et des sociétés d'État, Ministère des finances  
Gouvernement du Québec

**Wendy MacDonald**

Clerk Assistant & Secretary to Cabinet, Executive Council  
Office, Committee on Priorities Office  
Government of Prince Edward Island

**April Nakatsu**

Executive Director, Crown Corporations and Portfolio  
Governance  
Transport Canada

**David Navratil**

Senior Corporate Analyst & Manager of Education  
Programs  
Manitoba Crown Corporations Council

**Luke Power**

Director of Accountability Policy Innovation &  
Accountability Office, Office of Executive Council  
Government of Newfoundland and Labrador

**Marial Stirling**

Legal Counsel and Principal, Research, Guidance &  
Support, Corporate Oversight & Governance  
Chartered Professional Accountants of Canada

**Scot Weeres**

Director, Agency Governance Branch Treasury Board  
Secretariat  
Government of Ontario

**Karen Wichuk**

ADM, Operations & Machinery of Gov't Executive Branch  
Government of Alberta

## Appendix 4 - List of Interviewees

### **Yvan Allaire**

Executive Chair of the Board of Directors  
Institute for Governance of Private and Public  
Organizations

### **Rita Burak**

Former Chair  
Hydro One

### **Jean Charest**

Former Premier of Quebec  
Government of Quebec

### **David Collette**

Senior Counsellor, Public Affairs  
Hill & Knowlton Strategies

### **Benoit Daignault**

President and Chief Executive Officer  
Export Development Canada

### **John Dyble**

Deputy Minister to the Premier and Cabinet Secretary and  
Head of the Public Service  
Government of British Columbia

### **Helene Fortin**

Chair  
Loto-Quebec

### **Jean-Rene Halde**

Former President and CEO  
Business Development Bank of Canada

### **Louis Levesque**

Deputy Minister of Transport  
Government of Canada

### **John Manley**

Former Deputy Prime Minister  
Government of Canada

### **Susan Margles**

Vice-President of Government Relations and Policy  
Canada Post

### **Laurel Murray**

Consultant and former director on the Board of the Liquor  
Control Board of Ontario  
Murray Management Consulting Inc.

### **Doug Moen**

Deputy Minister to the Premier  
Government of Saskatchewan

### **Greg Orencsak**

Deputy Minister of Government Services and Secretary of  
the Treasury Board  
Government of Ontario

### **Pierre Pettigrew**

Executive Advisor  
Deloitte

### **Chuck Sanderson**

President and CEO  
Crown Corporations Council

### **Charles-Antoine St-Jean**

Partner, National Public Sector Leader  
E&Y

### **Blair Swystun**

President and CEO  
Crown Investments Corporation

### **Paul Tellier**

Chair  
Canadian National Railway

### **Cheryl Wenezenki**

Associate Deputy Minister, Ministry of Finance  
Government of British Columbia



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