Canadian Political Science Review Vol. 9, No. 2, 2015 pp. 1-20

The Embedded Crowns: The Evolution of Three Provincial State-Owned Enterprises

Malcolm G. Bird, Assistant Professor
Department of Political Science, University of Winnipeg
m.bird@uwinnipeg.ca

Abstract: Canadian provincial governments continue to own and operate a host of public enterprises. While many Crowns have been privatized or eliminated, governments continue to rely on remaining Crowns to meet specific policy and political objectives. This article analyzes three contemporary provincially-owned and operated Crowns - BC Ferries, the Liquor Control Board of Ontario and ATB Financial - and sets out to examine both why they continue to be publicly owned as well as their institutional evolutions as all three firms have reorganized their internal operations and the ways in which they are governed. These firms are relatively secure in their current condition since they all confer material advantages onto particular groups while providing politically important services to their governing superiors; any changes to their ownership structures would require a significant amount of energy, yet would yield marginal gains. The centralized decision-making structures within provincial governments, strong path dependencies, iterative incremental changes to these firms' operations and governance regimes, are all key factors shaping their respective lifecycle evolutions. These three public institutions help governments to meet key obligations and avoid potential political problems that are specific to their provincial contexts.

Key Words: state-owned enterprises; Crown corporations; provincial public policy

Resumé: Les gouvernements provinciaux canadiens continuent de détenir et de gérer une multitude d'entreprises publiques. Bien que de nombreuses sociétés d'État ont été privatisées ou éliminées, les gouvernements continuent de dépendre sur les sociétés d'État restantes pour répondre à des politiques spécifiques et pour des fins politiques. Cet article analyse trois sociétés d'État contemporaines qui sont détenues et gérées par certaines provinces – les traversiers de la Colombie-Britannique [BC Ferries], la Régie des alcools de l'Ontario [Liquor Control Board of Ontario] et les succursales du Trésor de la province de l'Alberta [ATB Financial] - et examine à la fois pourquoi ces sociétés d'État continuent d'être de propriété publique ainsi que leurs évolutions institutionnelles considérant que ces trois entreprises ont réorganisé leurs opérations internes et les façons dont elles sont gouvernées. Ces entreprises sont plus ou moins stables dans leurs formes actuelles parce qu'elles confèrent d'importants avantages à des groupes particuliers tout en fournissant des avantages politiques pour leurs dirigeants; par ailleurs, toute modification de la structure de propriété de ces entreprises requerrait un important effort, mais résulterait dans des gains marginaux. Afin d'apprécier l'évolution du cycle de vie de chacune de ces entreprises, les facteurs importants suivants sont à considérer: la dépendance historique, les changements progressifs et itératifs à leurs opérations et modes de gouvernance, ainsi que les effets de la structure centralisée des décisions des gouvernements provinciaux. Ces trois institutions publiques aident le gouvernement à remplir des obligations importantes et à éviter des problèmes politiques possibles qui sont spécifiques à leurs contextes provinciaux.

Mots-Clés: société de la Couronne; sociétés d'État; politique publique provinciale

"Everywhere the state remains in business, and everywhere the state seeks to be more businesslike"[i]

Drs. Jeanne Kirk Laux and Maureen Molot in the last line of their 1988 book on state-owned enterprises make two apt points regarding the state of contemporary Canadian governance. While there is little debate that the state in Canada and throughout the world is striving to be more "businesslike" in their operations, a fact lauded by some, lamented by others, it is the first part of their insight which is overlooked by many who study Canadian public policy. Despite a wave privatizations and, in some cases, eliminations, of Canadian Crown corporations, our governments at all levels continue to own and operate a host of businesses engaged in a wide range of activities. Even after a number of high-profile privatizations of Crowns at the federal level, Air Canada and Canadian National Railways, as well as at the provincial level, Manitoba Telecom Services and the Alberta Liquor Control Board, being among the most notable, publicly owned firms still account for 3.4% of Canada's GDP (Crisan and McKenzie, 2013: 26). This essay is a modest attempt to fill a gap in Canada's public policy literature and it does so by drawing insights from the evolutions of three provincial Crown corporations - British Columbia Ferry Services Inc. (BC Ferries), the Liquor Control Board of Ontario (LCBO) and ATB Financial - and seeks to answer two basic questions: Why are these Crowns still publicly owned and how have they modernized their operations over the course of their lifecycles?[ii]

Its central premise is that these three firms are deeply embedded into political, economic and cultural fabric of their respective home provinces. Such an embedded state is due largely to the fact that they help their single shareholders resolve critical collective action problems in their respective jurisdictions as well as aid them in avoiding potential problems in the future. Whether it is providing marine transport on the west coast, ensuring financial stability in Alberta or, in the case of Ontario, earning revenues, responsibly selling alcohol and promoting locally-made products, these three firms provide indispensable services to their political superiors. Further, it will illustrate how these companies are not static entities, but rather are dynamic firms that have dramatically modernized both their day-to-day operations as well as the manner in which they are governed, in addition to outlining the rationales behind these modernization efforts. Such a deep entrenchment in each province is due not only to their specific policy functions, but also to the structure of Canadian governments and their decision-making capacities that limit radical pro-active policy decisions such that there is little chance that these firms will be privatized or eliminated in the near future.

The evolution of these three firms also illustrates a void in both an empirical and a theoretical sense within the Canadian public policy literature. On one hand, and in contrast to the critics of publicly-owned firms (Iacobucci and Trebilcock, 2012), they illustrate that publicly-owned companies can be dynamic and efficient providers of services and, on the other hand, they also demonstrate the capacity of public firms to resist the onslaught of "neo-liberal" challenges, best exemplified by privatization, accompanying a general weakening of the public sector in response to the forces of globalized capital (McBride, 2005). While there is some relatively recent work on English Canadian Crowns (Bellamy, 2005; Boardman et al., 2009; Campbell, 2002) as well as work by the author (Bird, 2010a, 2010b, 2013, 2015a, 2015b) this is in addition to a few pieces on the modernization of these firms (Stewart, 2008; McInerney and Barrows, 2000), much of the other work on Canadian Crowns is over twenty years old and is focused on questions surrounding privatization (Tupper and Doern, 1988; Rea and Wiseman, 1985). The three cases presented here are also an attempt to integrate the Canadian experience with contemporary state-owned enterprises (SOEs) with the wider international literature on the public ownership of firms whereby direct state intervention into the marketplace through a variety of means, not simply with the lumbering “Leviathans” of yesteryear, is making a comeback, particularly in a number of developing countries such as Brazil and China (Bremmer, 2010; Musacchio and Lazzarini, 2014).

This article will be organized in the following manner. The first section will briefly outline the decision-making ethos of provincial governments - such a general analysis is necessary since it shapes the context in which governments relate to their Crowns (as well as being the central reason why the elimination or privatization of these firms is highly unlikely). Next, it will present our three cases and briefly describe their histories and evolutions. Once this is established, the article will then explain how the Crowns have modernized their operations and how they are governed. Then the raw political dynamics that surround the firms, various stakeholders, and their single shareholder will be concisely analyzed. Some concluding remarks will round out the article.

Acceptance of State Ownership and Decision-Making in Provincial Governments

This paper argues, and has solid empirical evidence to support the supposition, that all of these Crowns will remain in the public sphere for the foreseeable future. They exist because they meet critical policy and political needs of their respective political superiors within their given provincial contexts. In the recent past, governments in all three provinces, it is worth noting, have set out to restructure the provincial state by attempting to reduce the size and scope of the public sector through a variety of means such as tax reductions and eliminating public organizations, often through the privatization of Crown corporations during the 1990s and early 2000s. Such efforts were characteristic of the governments of Gordon Campbell, Ralph Klein and Mike Harris (Carrol and Ratner, 2005; Bruce et al. 1997 and Ibbitson, 1997, respectively) that, despite imposing significant austerity measures, did not opt to sell-off these firms. Evidently, they shied away from such plans because the financial and/or political benefits of privatizing these firms was not as great as the realized gains from such a move. Despite calls for the further privatization or scaling back of the role of Crown corporations in the Canadian economy (Bergevin and Poschmann, 2013) this is unlikely to occur with these firms (or any other Crowns) in the foreseeable future. Readers must accept the fact that political considerations of governments trump any ideological, theoretical or any other rationales that call for the elimination of publicly-owned firms and the corresponding set of arguments that claim that private firms in competitive markets are a superior alternative to their publicly-owned counterparts. Readers need to recognize these firms’ political, economic and, even to some degree, moral legitimacy as publicly-owned and operated corporate entities. Analysis of these firms, in short, needs to move past the subject of privatization since it is a moot issue. Once readers appreciate the historical and political context of each firm, it will be clear why privatization is a politically implausible policy option for the governments of these three provinces.

A brief explanation of the structural constraints facing Canadian provincial governments will assist in understanding the life courses of these companies and their relationships to their political masters. While some academics argue that political power is highly centralized in the upper echelons of the senior executive of Canadian governments (Savoie, 1999; Simpson, 2001) this fact, however, does not mean that majority governments are not highly constrained in their behavior. The corresponding image which such views evoke is that the first minister's office looms ominously over subordinate components of the state be they the legislature, civil service, Crowns and the like. Such an image is problematic since it fails to account for the day-to-day realities of life for governments in power. Rather, it is best to think of senior executive offices not as an omnipotent dominant entity, but instead as a besieged fort, surrounded by hostile enemies who are lobbing a constant stream of serious problems at the government. The most basic and perpetual set of problems that all governments face is a never ending demand for more public goods and services without a corresponding willingness to pay higher taxes. Added to this condition are the acute problems that arise on a daily basis, such as plant closings, strikes, natural disasters, scandals and the like, all of which require effective political management - all of this is occurring in an environment increasingly characterized by instant communications and oftentimes a hostile media. Canadian governments, then, spend the vast majority of their energies in a reactionary mode and have limited capacities for proactive policy creation; at best, a government might have two or three policy arenas where they can initiate change. In the cases of these Crowns, and why they continue to exist, one key reason is that governments simply do not have the capacity to alter their ownership structures without getting involved with what could potentially become a set of bitter conflicts with many entrenched interests. In terms of their day-to-day operations, Crown firms help governments to resolve key collective action problems as well as prevent others from developing and, so long as they are fulfilling their mandates (and not bringing any undue attention to themselves or the government), they are largely left to their own devices. Governments, much like individuals, do not get up in the morning seeking to create more problems for themselves than they already face.

The Case Studies: BC Ferries, ATB Financial and the LCBO

BC Ferries is a provider of marine ferry transportation services on British Columbia's west coast. It operates 25 routes and 47 terminals, has a fleet of 36 ships and employs over 3,400 individuals. In 2013, it moved 19.7 million passengers and 7.6 million vehicles, and its total operational costs that year were $714.3 million (British Columbia Ferry Services Inc., 2014). It is headquartered in Victoria, BC, and is a highly visible, politically significant organization since over one-third of the province's population is dependent on its services.

The LCBO is a liquor retailing behemoth. In 2012, it operated 623 retail stores and sold over $4.7 billion of beer, wine and spirits, returning over $1.63 billion to the provincial government (LCBO, 2012). It employs almost 7,000 individuals and approximately one half (by value) of Ontario's beverage alcohol flows through its store network. Based in Toronto, it is a dynamic retailer, considered the market leader in terms of marketing innovations and providing a high quality retailing environment, and is very well regarded by its customers (Deloitte and Touche, 2005).

ATB Financial is a deposit-taking financial institution fully owned by the Alberta government – a bank for all intents and purposes. In 2013, it had 171 retail locations, approximately 5,000 employees and over $27.3 billion in deposits and $33.9 billion in outstanding loans (ATB Financial, 2014). It is headquartered in Edmonton and since its reorganization in the late 1990s, ATB has been expanding its presence throughout the province. Both the LCBO and ATB Financial are dynamic public institutions that have relatively bright futures and do not face the same structurally imposed challenges as their west coast counterpart, BC Ferries. Three tables of key operational and financial statistics are included in this paper's appendix.

Early Historical Development

These three public firms and the functions they perform are deeply embedded within the economic, political, social, and cultural fabric of their respective provinces. Each was created to address a set of politically significant policy objectives that, for the most part, continue to be relevant today. However, as with any institution, they have needed to adapt to a changing context and have undergone substantial organizational reforms – usually in an incremental manner (Mahoney and Thelen, 2010). BC Ferries was created in 1960 by W.A.C. Bennett's Social Credit government as a key component of its efforts to develop the province through substantial public infrastructure investments, particularly those in the transportation sector, in order to promote the growth of private business and overall economic expansion (Leonard, 2002). Bennett, a very successful businessman prior to entering politics, understood that the two private firms which provided key ferry services would not (despite efforts to convince them otherwise) invest in ferry infrastructure nor provide frequent levels of service to meet the needs of the nascent province. The federal government's refusal to resolve a labour strike at Canadian Pacific's ferry service and the threat of a sympathy strike by workers from the American-owned alternate firm were motivating factors that illustrated the need for a provincially-owned and operated ferry provider (Obee, 2008).

ATB Financial was created in 1937 by William A. Aberhart's Social Credit government as a means to provide secure credit to its beleaguered depression-era farmers. Its acronym originally stood for the "Alberta Treasury Branch" and it was an effort to bring the security and stability of the Alberta government's finance department to the aid of the province's inhabitants during the depression (ATB, 1998). The LCBO was created in 1927 as a politically viable solution to the failed experiment with province-wide prohibition. Under this new regime, it would be the province that would sell alcohol under the "watchful eyes" of its new liquor board which embraced its role in limiting the sale and consumption of alcoholic beverages (Heron, 2003: 277). The additional revenues derived from this new line of business were welcomed by the Ontario government of the day (Schull, 1978: 277). While the liquor board has evolved considerably over the course of its existence (promoting Ontario-made alcoholic beverages and high value products are among the key changes), revenue generation and socially responsible distribution of its products continue to be important policy demands from the Ontario government.

Each Crown was created to fulfill a pressing political need of the government of the day, and such needs stemmed from the unique political context of each province. Whether it was BC's marine location and W.A.C. Bennett's desire to engage in "province building" (Tomblin, 1990); Alberta's agricultural roots, the wrath of the depression and its corresponding sense of alienation from central Canadian capitalist interests, particularly the banks (Macpherson, 1953); or Ontario and its strong temperance movement derived from its staunchly protestant roots (Schull, 1978), these Crowns were products of their temporal and geographic contexts. Correspondingly, they have evolved over the course of their existences in ways that hark back to their historical origins and have simultaneously served to further embed themselves into the fabric of their home provinces.

Modernizing the Crowns: Slow and Steady Evolutions

Following their creation, these firms set about to fulfill their original functions as was intended by their overseeing governments. This is not to imply that they have remained static, rather, they all have undergone processes of modernizing both in the way in which they conduct their businesses and the manner in which they are governed. These modernization drives, for the most part, have occurred over long stretches of time and were incremental and iterative in nature with changes occurring gradually through specific episodes whereby key organizational and governance shifts were initiated. For much of BC Ferries' early life, for instance, it was under the direct control of the provincial government, operating as a division of the highways department and was subject to a significant degree of politicized involvement in its daily operations – there was a good reason as to why it was referred to as "Bennett's Navy." But, over its life course, it evolved to be more independent of the government, starting in 1976 when it became a Crown corporation with the passage of its own enabling legislation, the *British Columbia Ferries Act, 1977*. Throughout the 1980s it continued to expand its operations, due to both organic growth and it acquiring the saltwater ferry division of the Ministry of Highways in 1985. Much of its efforts during the 1990s was spent consolidating and integrating its operations into one, unified ferry firm. Further wholesale governance and operational reforms culminated in April 2003 with a new piece of legislation, *The Coastal Ferries Act, 2003*, which was an attempt to further distance the government from this firm by overhauling its governance regime in an effort to establish BC Ferries as an independent operating entity (Stewart, 2008); such an overhaul was both a response to the structural challenges that BC Ferries faces, principally declining user rates, and the outcome of an ill-fated effort to build three aluminum catamaran ferries (Bird, 2015a).

In a similar vein, the LCBO's modernization process took place over a 25 year period and, while it is difficult to pinpoint a clear initiation date, in 1984 the provincial government appointed Jack Ackroyd head of the board with instructions to analyze its operations and devise a reform strategy, but it was not until late 1987 that the entire executive, including the board of directors, was removed and replaced with new individuals. On the political front, a milestone event was when then premier David Peterson in 1985 refused to sign order-in-council documents to appoint liquor store clerks, remarking at the absurdity of a leader of modern state being tasked with such a petty duty. Finally, ATB Financial was officially reorganized in the late 1990s with the introduction of the *Alberta Treasury Branches Act, 1997,* that established it as a Crown corporation with an independent board of directors and set a series of operational reforms in motion. The central motivation for restructuring ATB Financial was to prepare it for eventual privatization. As well, a number of high profile scandals earlier in the decade illustrated that without drastic organizational change it would continue to be a political liability for the government; a number of external reviews, furthermore, argued convincingly that substantial organization changes were needed at the company (Flynn, 1994; Otto and Murray, 1997). The government reneged on its plan to privatize the Crown corporation after receiving ardent opposition from the rural caucus of the ruling Conservative Party.

Modernizing the Crowns: Governance Regimes: All three firms have modernized the way in which they relate to their political superiors. The most critical shift in their governance regimes has been a clear delineation between the daily business operations of each firm and the political and policy needs of the government. Prior to the modernizing efforts at these Crowns, there was a significant amount of interference in their business operations from the political sphere; oftentimes with partisan or personal gains being the central motivating factors. Such politicalized intrusions at these firms as well as outdated operating procedures meant that "rent seeking" by various individuals and groups was all too common. Such efforts took many forms: at the LCBO, for instance, patronage appointments were rife throughout all sectors of the liquor board; product offerings and store locations were decisions shaped by the personal or political interests of the government rather than any business case rationales (Mercer, 1986)[iii]. Similar dynamics were at play within ATB Financial, whereby loans and other financial services were provided to clients without industry standard due-diligence procedures, and were often provided to individuals with close connections to the ruling party. Similarly to the LCBO, patronage was prevalent at the Alberta-based financial institution. Similar problems plagued BC Ferries where ferry schedules and tariff rates were made within the political sphere where partisan and personal interests, rather than business concerns, were paramount.

This type of interference in their business affairs has come to an end. Governments, as is their right as the single shareholder, can set the long-term policy goals of these firms, but they must not meddle in their daily business activities. This evolution, it is worth noting, serves both parties well. Any form of patronage, for instance, undermines a firms' capacity to hire capable individuals based on their qualifications (as well as complicating employee retention and promotion policies) and inconsistent policy demands from governments also make long-term business planning much more difficult for senior executives. Conversely, governments recognize the political risks associated with potential blowback from a weak patronage appointment choice, or from influencing a firm's behavior for non-commercial motives, particularly if well-connected individual(s) benefit from a particular transaction. All business-related operations have been formalized and resemble procedures followed at congruent private companies and are well insulated from any intrusions from members of the government. The LCBO and ATB Financial, for example, resemble their private sector counterparts in terms of the division of powers and responsibilities between the shareholder, the board of directors, and the senior executives – taking into account their unique public sector mandates. BC Ferries is governed in a manner that formally restricts the government's influence over the firm: the government's shares in the firm are held by a holding company, the BC Ferry Authority; the composition of its board of directors is prescribed in its enabling legislation (which reduces the provincial government's input as to its membership); and its fares are set by an independent board, the BC Ferry

Commission (Stewart, 2008). These changes within BC Ferries are attempts to de-politicize decisions regarding fare increases and service levels through the use of an external actor that draws on rational accounting methods to justify any changes to service schedules and prices. In all three cases, the critical litmus test for operational independence is the ability of their senior executives to have both the confidence and the capacity to resist any attempts by a government, or its constituent parts, to unduly shape their day-to-day commercial behavior, and to be able to do so without fear of any potential reprisals to their actions. The executives at all three firms have this capacity.

Modernizing the Crowns: Operations: All three firms have undergone profound changes to their organization structures and operations. All aspects of their businesses – logistics, marketing, procurement, human resources, finances and the like - have been formalized in terms of developing standardized policies and procedures, resulting in much more efficient and effective operations such that they now would resemble congruent functions at contemporary private sector firms. In many cases, the changes were implemented by a new cadre of senior executives who were brought in from the private sector to implement modernization plans, and who focused their efforts on improving the customers' overall experience as well as introducing standard corporate accounting, financial management, and business planning procedures. In 2003, BC Ferries hired David Hahn, an American executive from the aviation sector, to lead its revitalization. Hahn put great emphasis on improving the user experience by placing great importance on schedule punctuality, ensuring that the washrooms were clean, and that onboard restaurants and shops were providing good value among many other initiatives. Similarly, Larry Gee, a former senior executive at Dominion Stores, lead the modernization efforts at the LCBO throughout the 1990s and understood the importance of appealing to female customers and developing a uniform brand image for the provincial liquor board, among many other operational improvements. Likewise, huge efforts were made by all of the Crown firms to professionalize their work forces to ensure that they had adequate training and the necessary skills to perform their duties. At ATB Financial, for instance, it was crucial that staff members improve their skill sets, particularly with regards to acquiring formal credentials, required in a modern financial institution. Improving employee knowledge, particularly in areas of product information and in selling alcohol in a socially responsible manner, were key improvements at Ontario's liquor board. Fundamental changes to all three of these firms' corporate cultures to be focused on providing high levels of consumer value as well as operating in an efficient manner were key components of these modernization efforts since, prior to these reforms, these firms were less concerned with these aspects of their operations as one might expect from a modern-day company.

The LCBO in particular was in a state of serious decrepitude. It had, for instance, no loss prevention department, nor did it have any electronic accounting or inventory management capacities by the late 1980s; store-by-store product movement reports took six months to reach senior management. At least part of the reason for such dysfunction was limited capital resources; in 1987, for example, capital spending for the entire board was $11.5 million (LCBO, 1987: 16). BC Ferries, likewise, faced significant problems. Until organizational reforms were implemented in the 1990s, it was difficult for its managers to do any long-term business planning since its operational subsidies were provided on a yearly, *ad hoc* basis by the provincial government who simply provided funds to cover the shortfall between their revenues and costs. Similarly, long-term capital spending planning at the ferry corporation was made difficult by obscure directions from the BC government. Despite the challenges that these executives faced, slowly, but surely, they set out to reform every aspect of the firms' operations and, in the end, were remarkably successful at these endeavors.

While the modernization processes at all three firms underscored an emphasis on improving their "commercial" orientations - reducing costs, increasing productivity and improving their overall operations and the like - such efforts were tempered by their political and policy mandates from their political superiors. At the LCBO, for instance, increasing remittances to the provincial government was one central motivation for instituting organizational reforms, but the liquor board was to do this without increasing the volume of alcohol moving through its stores. The provincial government was (and continues to be) deeply concerned with the negative social and health costs linked to the consumption of alcohol. The LCBO's solution to this rather contradictory directive was to promote higher-value alcoholic products which would return higher revenues without a corresponding congruent increase in the volume of alcohol it sold. The liquor board's concern with selling alcohol in a socially responsible manner also justifies its limited number of retail locations and restricted store hours. At ATB Financial, it is mandated only to provide a "fair" return to its government shareholder (Government of Alberta, 2003: 3) and, at the same time, it must continue to fulfill its role of serving rural and small-town customers as well as continue to be a counter-cyclical, stabilizing financial institution in the Alberta economy (Ascah, 2011). In practice, the Alberta government does not expect any remittances from this firm and it has not paid a dividend to the province since 1992 (Atkins, 2011: 23). Given these directives, however, ATB Financial must also be careful not expose the Alberta government to an unreasonable amount of financial liability stemming from its business activities. At BC Ferries the goal of increasing the commercial nature of its operations was to reduce its dependence on government subsidies by extracting more revenues from its users as well as providing a higher-quality experience in order to justify the increased fare prices. Such efforts, however, were not, nor are able, to address the structural challenges this firm faces. The central point is that the modernization processes these firms underwent were not simply to increase revenues and corresponding profits, or to reduce subsidy requirements (though these were key concerns to their executives), but rather to enable them to better fulfill their public policy mandates.

The Political Dynamics and Future Prospects of these Crowns

Each of these firms is deeply embedded into the political and economic fabric as well as the social and cultural milieu of their home provinces. Such conditions imply that any form of radical change, such as elimination or privatization, is highly improbable, let alone politically impossible, and thus goes to further reinforce the strong "path dependent" institutional behavior seen at these Crown corporations (Pierson, 2000). Such embeddedness is best illustrated by the raw political dynamics that surround each of these firms and the material advantages they confer onto particular groups, as well as how fulfilling their mandates helps their owner governments avoid potential political problems. The political dynamics of these firms are also connected to their future prospects; while ATB and the LCBO have bright future scenarios, the same cannot be said for BC Ferries because it faces some significant forthcoming challenges. It is worth noting that their future prospects have much less to do with the organization itself and the ways in which it has modernized than it does with the nature of the collective action problem each has been charged with resolving. Selling alcohol and loaning money, not surprisingly, are considerably easier tasks to fulfill than moving vehicles and people around a marine environment.

The LCBO, and the configuration of the Ontario alcohol retailing market more generally, confer significant material advantages onto a number of groups. The firms that supply the LCBO with its products ardently support the current configuration of the marketplace. This includes the small and large wine and beer makers as well as the spirit producers, all of whom champion the liquor board because it has uniform administrative, financial and logistical processes that substantially reduce transaction costs. The LCBO provides a relatively low-cost retailing conduit when compared to a marketplace where there are more independent retail actors. A limited number of stores, and a finite amount of shelf space within those stores, also serves to keep potential new entrants - and competitors - out of the Ontario alcohol market. Ontario's unique oligopolistic alcohol retail market further compounds the material advantages for a number of firms. The two largest brewers own and operate their own 440 store network, aptly named the Beer Store, and two large wine producers own and operate over two-thirds of the 440 wine stores (Lacey et al., 2005). A few retail stores attached to producers (mostly small brewers) as well as a number duty-free stores round out the province's alcohol retailers. It is impossible to acquire a new alcohol retailing license. Ontario's 13.5 million people have just 1,798 retail outlets to purchase alcohol (LCBO 2011: 52). To provide some context, Alberta, which has a competitive private retail market, has almost 2,000 retail locations (Alberta Gaming and Liquor Commission, 2013) which serve a population one quarter the size of Ontario. Both the suppliers of alcohol and the owners of alternative retail outlets - a number of which are the same firms - are influential players in the Ontario political scene that are able to ensure that no real changes occur to the Ontario liquor retailing regime.

A retail market with a limited number of stores and the LCBO's efforts to sell alcohol in a socially responsible manner are two factors which resonate strongly with the provincial government. Both the Ontario government and the province's public health sector support the current system and do not wish to see alcohol more freely available (Giesbrecht et al., 2006). Both the LCBO itself, and the general structure of the Ontario alcohol retail market help to promote the Ontario-made wine (Mytelka and Goertzen, 2004) as well as the craft beer sector, a fact duly noted in its annual reports (LCBO, 2012: 4). Its unionized workers, not surprisingly, ardently support its continued public ownership. Perhaps the most vital factor shaping the political dynamics of the liquor board is that the citizens of Ontario like the LCBO and the service it provides (Deloitte and Touche, 2005) and they appreciate how it has modernized its retail operations, provides a first-rate shopping experience complete with helpful and knowledgeable staff, beautiful stores, and a wide selection of alcoholic products.

There are two key factors shaping the political dynamics surrounding ATB Financial. First, it serves rural and small town citizens and associated businesses in the agricultural and hydrocarbon industries. It enjoys widespread support from these constituencies since it has a long tradition of providing them with full-service banking services and, most critically, loans for their businesses, in good and tough economic times. It earned a significant amount of "goodwill" with many citizens in the 1980s when it continued to provide money to struggling business and agricultural sectors during difficult financial times. Also, it was considerably "gentler" with customers who were unable to make their debt payments compared to other financial institutions. It is this same constituency – rural and small-town residents – that forms the core of the support for the Conservative Party in Alberta.

Second, ATB Financial is a source of locally-controlled capital that helps to insulate the Alberta business sector from capital shortfalls that may result from decisions of bankers located in central Canada (Ascah, 2011); such shortfalls would produce a significant political challenge for any Alberta government. As a publicly-owned entity, ATB strives to increase the availability of credit to businesses, especially small ones, and its unique products and policies, as compared to its private competitors, provide more options for borrowers (Ascah, 2011). Finally, ATB makes significant efforts to promote itself within local communities by sponsoring various community projects and events and enjoys an overall high level of citizen support for this reason. Its current CEO, Dave Mowat, the former head of VanCity Credit Union, understands well the non-commercial roles that large financial firms play in both the economy and society more generally.

All three firms, to varying extents, transfer resources from their services that serve high density populations (usually urbanites) to support their operations that serve rural and small-town dwellers. For illustration, uniform province-wide alcohol prices (detached from transportation costs or localized market conditions) as well as its support of the (rural) Ontario wine growing regions, are politically significant benefits the LCBO provides to the province's non-urban residents. ATB's (growing) urban operations, likewise, help it to provide services to the province's hinterland residents. Such internalized cross subsidization is at the very core of the political dynamics of BC Ferries and its monopoly position within a closed marketplace that allows it to transfer resources from its revenue positive activities (in operational terms, at least) to fund services that would otherwise require an operational subsidy if the Crown did not exist. BC Ferries' two most popular routes connect the mainland of the province to Vancouver Island, and route one and two each provide 40% and 22%, respectively, of its operating revenues (Coastal Ferry Services Contract, 2003: 1, 7). These positive operational cash flows are then used to help fund its other 23 routes many of which serve a relatively small number of individuals. BC Ferries also has well-developed expertise in providing marine transportation and has the related infrastructure, ships, terminals, repair facilities, and the like that are necessary for operating a maritime transportation firm. But, it is the extremely high public profile of BC Ferries and its operations that shape much of the political dynamics of this firm. Any changes to its fares and service levels, for example, are met by stern resistance from a host of well-organized user groups whose concerns oftentimes are reiterated in the media. For instance, the Union of British Columbia Municipalities (UBCM) recently released a report criticizing BC Ferries and the effect its fare increases have had on ridership and overall economic activity, resulting in billions of dollars in economic losses for rural communities (UBCM, 2014);

the findings of this work were widely reported in the media; even a minor mistake by staff loading a ferry in the summer of 2014 made it into the province's newspapers (Chan, 2014). Its high public profile and the vital nature of the services it provides means that it is under an extremely intense public and media scope, and both it and its operations are a significant political liability for the BC government.

Unlike ATB and LCBO, whose sales and revenues are on an upward trajectory, BC Ferries faces some very serious challenges. At the core of its problems is the declining number of users. Such a decline is largely due to a host of structural factors outside the control of the firm. For example, the effects of changing land use patterns (restrictions on development on the Gulf Islands has led to steep escalations in housing prices) as well as changing demographic factors (retirees replacing daily ferry using workers) pose a challenge to the corporation. Another important factor is that, as Vancouver Island's population has grown, more services have become available to its residents that were previously only offered in the lower mainland.

This reduction in users has had a profoundly negative effect on the corporation's finances. In 1994, BC Ferries carried 21.5 million passengers and 8.4 million vehicles, and in that year it recovered $277.1 million from its operations. To help cover its operational shortfall and capital expenses, it received a $17.9 million subsidy from the province and an $18.4 million subsidy from the federal government (BC Ferries, 1994). Twenty years later in 2014, BC Ferries transported 19.7 million passengers and 7.6 million vehicles, receiving $180.1 million from the province and $28.4 million from the federal government - an increase of over 1,000% and 50%, respectively, from each level of government (BC Ferries, 2014). A few points are worth noting regarding these figures. First, the federal government's contribution is indexed to inflation and thus provides a real comparator as to the incredible growth of the province's contribution. Second, the rising provincial subsidy does not include additional moneys provided to BC Ferries in 2012 to stabilize fares, $79.5 million over five years (BC Ferries, 2013: 15). Finally, and most significantly, the provincial government assumed all of BC Ferries' debt in 2003 when it reorganized the governance of the firm and today it has its current debt load of approximately $1.6 billion (BC Ferries, 2014: 62) and it is rising as the ferry company is permitted to borrow money on the bond market. One key reason for its increasing debt is that it continues to face significant capital costs as its fleet and terminals require new investments. Not surprisingly, its fares have risen sharply and, for instance, since 2003 the cost to travel on its major routes has increased 40% and on its minor routes they have gone up by 70% (Ferry Advisory Committee Chairs, 2011: 2). With BC Ferries' declining user rates and its very rigid cost structure - due largely to its organized workers, required staffing levels dictated by federal regulations, and an inability to reduce its schedule – has meant that its fares and service levels are largely determined by the amount of money the provincial government provides as a subsidy.

While efforts have been made to reorganize how BC Ferries is governed and how decisions are made regarding its fares and service schedule (they are now determined by an independent body, the BC Ferry Commission), in an effort to try to insulate the government from negative attention such policies evoke, this has not been possible. As a result of the causative connection between the subsidy levels and the tariff rates in an environment of declining user and a rigid cost structure, the BC government faces an impossible predicament in that it must provide an ever increasing operational subsidy as well as face the political blowback from rising fares. And given that there is no real viable alternative model - in economic as well as political terms - to the BC Ferries monopoly, and that it provides such an incredibly sensitive public service, the BC government has no alternative options. Making matters worse for the provincial government is that the current model of BC Ferries operating as an "independent entity" is financially unsustainable. In the near future BC Ferries will not be able to operate nor service its growing debt without a significantly higher subsidy from the provincial government. Sooner or later, the BC government will have to assume all of its debt and resume direct control of the firm and culpability for its financial condition. The BC government will be forced to fund this Crown and its capital acquisitions in a similar manner as it currently does for provincial highways and universities - directly from the provincial budget in annual allotments.

Conclusions

Despite the challenges BC Ferries faces today and in the future, it continues to provide a safe means of marine transportation to the citizenry of BC which is its central political demand from the BC government; the 2014 ferry tragedy in South Korea illustrates how such concerns should not be taken for granted (Kung and Kim, 2014). ATB Financial and the LCBO, likewise, continue to fulfill their political and policy demands from their single shareholders as well as providing high value to their citizen customers. These Crown firms, unlike their private sector counterparts that are focused on profit maximization, must balance a host of diverse demands that are not only inconsistent and contradictory in nature at times, but also stem from a varied number of sources: the public, various - and oftentimes powerful - stakeholder groups and their political masters. Remember that these companies face unparalleled levels of scrutiny when compared to their private sector counterparts, as they must adhere to strict transparency and accountability requirements. An omnipresent media gaze (oftentimes quite hostile) and Freedom of Information requests for internal documents are additional factors they must constantly manage. Yet, these firms continue to fulfill their objectives within their home provinces. As such, they stand as yet another testament to the dynamism of Canada's public sector that governs us so well.

References

Alberta Gaming and Liquor Commission. 2013. *Quick Facts – Liquor. St. Albert: Alberta Gaming and Liquor Commission*. (Available at: http://www.aglc.ca/pdf/quickfacts/quickfacts_liquor.pdf, accessed July 8, 2013)

Ascah, Robert. 2011. "Should Alberta Treasury Branches be Sold? Pros and Cons" In *Becoming Alberta's Next Premier: Policy Ideas for Leadership Candidates*. Edmonton: Institute for Public Economics. (Available at: http://www.ipe.ualberta.ca/en/~/media/ipe/Becoming%20Alberta%20Next%20Prem/AB-Next-Premier-July-2011.pdf, accessed Oct. 15, 2014).

ATB Financial. 1998. *Albertans Investing in Alberta: 1938-1998.* Edmonton: ATB Financial.

ATB Financial. 2014. *2014 Annual Report: Higher Gear*. Edmonton: ATB Financial. (Available at: http://www.atb.com/SiteCollectionDocuments/About/annual_reports/atb_2014_annual_report.pdf, accessed Oct. 17, 2014).

ATB Financial. Various Years. *Annual Reports*. Edmonton: ATB Financial.

Atkins, Frank J. 2011. *The Role of Alberta Treasury Branches in the Alberta Financial Market*. FCPP Policy Series No. 103, April. Calgary: Frontier Centre.

Bellamy, Matthew J. 2005. *Profiting the Crown: Canada's Polymer Corporation, 1942-1990.* Montreal: McGill-Queens University Press.

Bergevin, Philippe and Finn Poschman. 2013. *Reining in the Risks: Rethinking the Role of Crown Financial Corporations in Canada*. Toronto: C.D. Howe. (Available at: http://www.cdhowe.org/pdf/Commentary_372.pdf, accessed Oct. 15, 2014.)

Bird, Malcolm G. 2010a. "Radical Institutional Change at a Crown Corporation: The Liquor Control Board of Ontario, 1985-2010." *Canadian Political Science Review*. Vol. 4, No. 2-3: 1-17.

Bird, Malcolm G. 2010b. "Alberta's and Ontario's Liquor Boards: Why Such Divergent Outcomes?" *Canadian Public Administration*. Vol. 53, No. 4: 509-530.

Bird, Malcolm G. 2013. "The Insuring Crown: Western Canada's Public Auto Insurers." *BC Studies*, Spring: 127-145.

Bird, Malcolm G. 2015a. "Dire Straits Ahead: British Columbia Ferries, 1985-2013." in *The Future of Public Enterprises: Mission, Performance and Governance, Learning from Success and Failures*. Luc Bernier, editor P.I.E. Peter Lang.

Bird, Malcolm G. 2015b. "Canadian State-Owned Enterprises: A Framework for Analyzing the Evolving Crowns." *Policy Studies*. Vol. 36, Issue 2: 133-156.

Boardman, Anthony E. Claude, Laurin, Mark A. Moore, Aidan R. Vining Boardman. 2009. "A Cost-Benefit Analysis of the Privatization of Canadian National Railway." *Canadian Public Policy*. Vol. 35, No. 1: 59-83.

Bremmer, Ian. 2010. *The End of the Free Market: Who Wins the War Between States and Corporations?* Toronto: Pearson Penguin.

British Columbia Ferry Services Inc. Various Years. *Annual Report*. Victoria: British Columbia Ferry Services Inc.

British Columbia Ferry Services Inc. *2013-2014 Annual Report*. Victoria: British Columbia Ferry Services Inc. (Available at: http://www.bcferries.com/files/AboutBCF/AR/BCFS_Annual_Report_2013-2014.pdf, accessed Oct. 15, 2014.)

Bruce, Christopher J., Ronald D. Kneebone and Kenneth J. McKenzie, editors. 1997. *Government Reinvented: A Study of Alberta's Deficit Elimination Program* Toronto: Oxford University Press.

Campbell, Robert M. 2002. *The Politics of Postal Transformation: Modernizing Postal Systems in the Electronic and Global World.* Montreal: McGill-Queen's University Press.

Carroll, William K. and R.S. Ratner. 2005. *Challenges and Perils: Social Democracy in Neoliberal Times.* Halifax: Fernwood Press.

Coastal Ferry Services Contract Between British Columbia Ferry Corporation [sic] and The Province of British Columbia. 2003. Victoria: 1 April. (Available at: http://www.bcferries.com/files/AboutBCF/Coastal_Ferry_Services_Contract.pdf, accessed May 21, 2013

Chan, Cheryl. 2014. "'Rare' loading error leaves ferry passenger fuming in Nanaimo" *The Province*, 21 July. Available at: http://www.theprovince.com/Rare+loading+error+leaves+ferry+passengers+fuming+Nanaimo/10047435/story.html, accessed Oct. 10, 2014.

Crisan, Daria and Kenneth J. McKenzie. 2013. *Government-Owned Enterprises in Canada*. The School of Public Policy Research Papers, Volume 6, Issue 8, February.

Deloitte and Touche LLP. 2005. *Liquor Control Board of Ontario: 2005 Operational Review.* Toronto: Deloitte and Touche LLP. Available at: (http://www.solidwastemag.com/PostedDocuments/PDFs/2006/06Jun/Pages%20from%20Pages%20from%20LCBO%20'05%20Operational%20Review-Deloitte%20Touche%20Rep%20pgs%201-15.pdf (accessed August 17, 2011).

Ferry Advisory Committee Chairs. 2011. *Ferry Governance: A Matter of Ideology*. Presented to the BC Ferry Commissioner. 20 October.

Flynn, Gordon W. 1994. *Alberta Treasury Branches: General Review and Recommendations for Changes.* Edmonton: Government of Alberta.

Giesbrecht, Norman, Robin Room, Andree Demers, Evert Lindquist, Alan Ogborne, Susan Bondy and Gina Stoduto. 2006. "Alcohol Policies: Is There a Future for Public Health Considerations in a Commerce-Oriented Environment" in *Sober Reflections: Commerce, Public Health, and the Evolution of Alcohol Policy in Canada, 1980-2000* Giesbrecht et al., editors Montreal: McGill-Queen's University Press.

Government of Alberta. 2003. *Memorandum of Understanding between the Minister of Finance and Alberta Treasury Branches (ATB).* Edmonton: Government of Alberta.

Iacobucci, Edward M. and Michael J. Trebilcock. 2012. *The Role of Crown Corporations in the Canadian Economy: An Analytical Framework*. The School of Public Policy, University of Calgary, Research Papers, Volume 5, Issue 9, March. Available at: http://policyschool.ucalgary.ca/?q=content/role-crown-corporations-canadian-economy-analytical-framework (accessed 12 May 2012).

Ibbitson, John. 1997. *Promised Land: Inside the Mike Harris Revolution.* Scarborough: Prentice Hall Inc.

Kung, Foster and Hyung-Jin Kim. 2014. "More Bodies in Sunken Ferry" *Winnipeg Free Press*, 20 April: A5. Available at: http://www.winnipegfreepress.com/world/more-bodies-in-sunken-ferry-255905341.html, accessed October 14, 2014.

Lacey, John et al. 2005. *Strategy for Transforming Ontario's Beverage Alcohol System: A Report of the Beverage Alcohol System Review Panel*. Toronto: Government of Ontario. (Available at: http://www.fin.gov.on.ca/english/consultations/basr/report.html. Accessed Oct. 28, 2014.)

Laux, Jeanne Kirk and Maureen Appel Molot. 1988. *State Capitalism: Public Enterprise in Canada.* Cornell University Press, Ithica,

LCBO. *Annual Reports. Various Years.* Toronto: LCBO.

LCBO. Annual Report 2011-2012. Toronto: LCBO. (Available at: http://www.lcbo.com/content/dam/lcbo/corporate-pages/about/pdf/2011_2012.pdf, accessed Oct. 15, 2014)

Leonard, Frank Edward. 2002. *W.A.C. Bennett and His Choice of State Enterprise: The 1958 Case of British Columbia Ferries.* Victoria: University of Victoria, Unpublished MA Thesis, Department of History.

Heron, Craig. 2003. *Booze: A Distilled History*. Toronto: Between the Lines.

Macpherson, C.B. 1953. *Democracy in Alberta: Social Credit and the Party System*. Toronto: University of Toronto Press.

Mahoney, James and Kathleen Thelen. 2010. "A Theory of Institutional Change" In *Explaining Institutional Change: Ambiguity, Agency, Power*. James Mahoney and Kathleen Thelen, editors. New York: Cambridge University Press.

McBride, Stephen. 2005. *Paradigm Shift: Globalization and the Canadian State*, second edition. Halifax: Fernwood Publishing.

McInerney, Rosemary and David Barrows. 2000. "A Critical Analysis of Management Tools for Creating Government Responsiveness: The Liquor Control Board of Ontario as a Context for Creating Change" (Available at: http://www.innovation.cc/case-studies/barrows-ed.pdf, accessed July 23, 2015)

The Mercer Report. 1987. Toronto: LCBO.

Musacchio, Aldo and Sergio G. Lazzarini. 2014. *Reinventing State Capitalism: Leviathan in Business, Brazil and Beyond*. Cambridge: Harvard University Press.

Mytelka, Lynn K. and Haeli Goertzen. 2004. "Learning, Innovation and Cluster Growth: A Study of Two Inherited Organizations in the Niagara Peninsula Wine Cluster." *Clusters in a Cold Climate: Innovation Dynamics in a Diverse Economy*, David A. Wolfe and Matthew Lucas, editors. Montreal and Kingston: McGill-Queens University Press.

Obee, Dave. 2008. *The Birth of B.C. Ferries*. Dave Obee's Family History Page. Available at: www.daveobee.com/victoria/20080720.htm (accessed October 17, 2014).

Otto, Randy and Glen Murray. 1997. *Competitive Advantages and the Alberta Treasury Branches.* No. 45, March, Western Centre for Economic Research, University of Alberta.

Pierson, Paul. 2000. "Increasing Returns, Path Dependence, and the Study of Politics" *The American Political Science Review*, Vol. 94, No. 2, June, pp. 251-267.

Rea, K.J. and Nelson Wiseman, editors. 1985. Government and Enterprise in Canada. Toronto: Methuen Publications.

Savoie, Donald J. 1999. *Governing From the Centre: The Concentration of Power in Canadian Politics.* Toronto: University of Toronto Press.

Schull, Joseph. 1978. *Ontario Since 1867.* Toronto: McClelland and Stewart.

Simpson, Jeffrey. 2001. *The Friendly Dictatorship.* Toronto: Mclelland and Stewart.

Stewart, Gayle Lorraine. 2008. "Repositioning BC Ferries: From Crown Corporation to Administrative Hybrid" Vancouver: Unpublished MA Thesis, Department of Political Science, UBC, Vancouver.

Tomblin, Stephen G. 1990. "W.A.C. Bennett and Province-Building in British Columbia." *BC Studies*, No. 85: 45-61.

Tupper, Allan and G. Bruce Doern, editors. 1988. *Privatization, Public Policy and Public Corporations in Canada*. Halifax: The Institute for Research on Public Policy.

Union of British Columbia Municipalities. 2014. *Socioeconomic Impact Analysis of BC Ferries: Policy Paper No. 1*. 2014 UBCM Convention (Available at: http://www.ubcm.ca/assets/Spotlight/UBCM_PolicyPaper_Book01_2014.pdf, accessed, July 24, 2015)

LCBO Operating Statistics, 1980-2012

Year	Revenue (billion $)	Percentage Change	Remittances to Provincial (million $)	Remittances /Revenue (%)	Capital Spending (million $)
1980	1,079	-	400	37.1	4.96
1981	1,182	9.5	433	36.6	5.1
1982	1,329	12.4	502	37.7	8.4
1983	1,467	10	533	36.3	50.7
1984	1,504	2.5	520	34.6	44.2
1985	1,590	5.7	602	37.8	7.1
1986	1,646	3.5	638	38.7	7.7
1987	1,767	7.3	645	36.5	11.6
1988	1,860	5.2	635	34.1	9.9
1989	1,930	3.7	645	33.4	15.4
1990	2,006	3.9	640	31.9	23.7
1991	1,936	-3.5	650	33.5	29.7
1992	1,833	-5.3	675	36.8	25.7
1993	1,786	-2.5	615	34.4	21.1
1994	1,764	-1.2	585	33.1	14.7
1995	1,808	2.5	630	34.8	27.6
1996	1,909	5.5	680	35.6	27.1
1997	2,013	5.4	730	36.2	19.4
1998	2,160	7.3	745	34.5	25.6
1999	2,349	8.7	776	33.1	40.9
2000	2,549	8.5	795	31.1	54.4
2001	2,734	7.2	846	30.9	55.7
2002	2,939	7.5	901	30.6	55.7
2003	3,119	6.1	970	31.1	75.1
2004	3,320	6.4	1,035	31.1	53.4
2005	3,532	6.3	1,110	31.4	47.5
2006	3,682	4.2	1,195	32.4	54.5
2007	3,922	6.5	1,279	32.6	54.2
2008	4,133	5.3	1,345	32.5	63.6
2009	4,297	4	1,400	32.6	59.7
2010	4,344	1	1,410	32.4	59.9
2011	4,580	5.6	1,550	33.8	57.5
2012	4,710	2.8	1,630	34.6	69.3

ATB Financial Operating Statistic, 1995- 2013

Year	Deposits (billion $)	Loans (billion $)	Equity (thousand $)	Net Income (thousand $)	Branches	Employees
1995	8.95	7.84	(57,437)	34,775	145	3,173
1996	8.67	7.67	(27,648)	36,019	147	3,246
1997	8.40	7.30	(151,975)	(124,330)	147	3,268
1998	8.72	7.46	(66,544)	85,434	148	3,161
1999	9.02	8.03	44,148	110,692	148	2,493
2000	9.92	8.93	272,368	228,490	144	2,505
2001	10.91	9.55	434,107	161,469	144	2,675
2002	11.42	10.40	592,033	157,926	145	2,714
2003	12.09	11.69	790,937	198,904	145	3,194
2004	13.03	12.13	962,961	172,024	147	3,258
2005	13.84	13.13	1,150,274	187,313	148	3,454
2006	15.87	14.84	1,348,995	198,721	150	3,814
2007	18.25	16.99	1,623,383	274,388	154	4,332
2008	21.17	19.44	1,668,452	29,985	157	4,764
2009	23.88	21.60	1,758,684	6,412	164	4,870
2010	22.57	22.53	1,809,357	127,470	165	4,958
2011	23.98	22.94	1,960,000	198,516	167	5,363
2012	23.7	27.70	2,300,000	244,800	171	5,250
2013	27.3	33.9	2,600,000	276,400	171	5,055

Source: ATB Financial. Various Years. *Annual Reports.* Edmonton: ATB Financial.

BC Ferries Operating Statistics, 1985-2014.

Year	Pass. Carried (000s)	Vehicle traffic carried (000s)	Expenses Operat,$ (000s)	Expen., Cap., $ (000s)	Revs., Operat.,$ (000s)	Prov. Subsidy, $ (000s)	Fed. Subsidy, $ (000s)	Total Sub., $ (000s)	Employ ees
1985	11,912	4,460	125,308	12,456	125,530	43,000	Included	43,000	N/A
1986	12,169	4,524	146,245	68,219	134,900	40,000	Included	40,000	N/A
1987	18,235	6,525	182,616	1,817	166,573	57,000	Included	57,000	2,300
1988	17,014	6,491	176,083	9,292	168,488	57,000	Included	57,000	2,352
1989	17,919	6,885	181,830	7,559	187,599	51,000#	Included	51,000	2,537
1990	19,229	7,499	246,189	17,117	215,212	51,000#	Included	51,000	2,657
1991	19,775	7,707	256,740	101,286	230,419	48,450#	Included	48,450	2,808
1992	20,518	7,965	281,169	217,767	250,901	28,147#	Included	28,147	2,945
1993	20,533	8,029	313,970	178,360	265,249	36,300	Included	36,300	3,097
1994	21,529	8,383	355,983	64,171	277,122	17,900	18,400	36,300	3,140
1995	22,021	8,398	350,535	20,251	320,336	15,947	18,005	33,952	3,159

1996	22,512	9,053	374,568	60,251	340,487	9,352	21,322	30,674	3,272
1997	22,269	8,910	388,828	136,178	333,846	4,700	21,800	26,500	3,292
1998	21,799	8,779	396,650	128,187	356,810	4,700	21,931	26,631	3,374
1999	21,379	8,579	423,273	166,602	362,078	24,000	22,040	46,040	3,389
2000	21,381	8,668	389,084	114,590	356,169	64,913	22,150	87,063	3,390
2001	21,369	8,709	396,021	55,148	361,425	72,519	22,438	94,957	3,339
2002	21,251	8,890	453,381	54,805	376,889	71,706	22,953	94,659	3,380
2003	21,624	9,126	463,855	58,114	391,163	74,243	23,377	97,620	3,345
2004	21,367	8,292	481,699	59,649	403,950	105,806	23,975	129,781	3,261
2005	22,026	8,557	499,471	119,855	433,141	106,971	24,343	131,314	3,375
2006	21,729	8,543	504,116	130,181	446,049	108,223	24,890	133,113	3,406
2007	21,665	8,521	528,363	248,316	462,574	108,396	25,309	133,705	N/A
2008	21,788	8,578	569,649	428,292	492,171	122,702	25,856	148,558	N/A
2009	20,727	8,130	624,143	530,269	531,021	124,485	26,294	150,779	N/A
2010	21,035	8,255	660,003	84,166	555,874	149,508	26,924	176,432	N/A
2011	20,746	8,119	672,147	122,180	561,323	151,023	26,924	177,947	N/A
2012	20,170	7,838	682,651	115,304	555,731	154,959	27,487	182,446	N/A
2013	19,900	7,700	701,557	96,600	576,195	182,100	28,100	210,200	N/A
2014	19,700	7,600	714,302	108,000	591,712	180,076	28,373	208,449	N/A

---

[i] Laux, Jeanne Kirk and Maureen Appel Molot. 1988. *State Capitalism: Public Enterprise in Canada.* Cornell University Press, Ithica, p. 202

[ii] This paper is based on over 100 participant interviews with senior current and former executives of these and other Canadian Crowns, the ministries that oversee their operations and relevant stakeholder groups. The contemporary and inherently political nature of these entities make attaching direct attributions to particular statements and observations impossible, but if readers are interested in viewing a list of research participants, they should contact the author at: m.bird@uwinnipeg.ca. The author would like to thank all participants for their time and insights since this type of work would be impossible without their contributions. The author alone, of course, is responsible for all statements, facts, errors and omissions that are contained in this present work.

[iii] The Mercer Report is a most remarkable document in that it provides a detailed analysis of the problems that plagued the LCBO and it includes references to undue political interference in its operations. It served as the blueprint for its organizational and governance reforms. It is the only document the author has reviewed that discusses politicized interference in a Crown's operations.