

Sale of Polymer

The other portion of the Order in Council, which is to be found on page 2 of it, sets forth, in addition to the sale being effective on July 31, 1972, the following subparagraph (d):

—the government shall recommend to parliament legislative action to delete Polymer Corporation Limited from Schedule D of the Financial Administration Act, thereby terminating the corporation's status as a Crown corporation;

It is quite evident that the government recognized that until some legislative action was taken to terminate the life of Polymer it would remain a living and viable corporation, required to report to parliament through the Minister of Supply and Services so long as it remains a Crown corporation by virtue of the provisions of the Financial Administration Act.

I am at a loss to know why the government proceeded, in the face of its own Order in Council, in effect to try to smuggle in an amendment to the Financial Administration Act by means of an obscure item in the estimates. The Order in Council clearly sets forth that one of the conditions of sale was that the government shall recommend to parliament legislative action to bring the life of Polymer to an end. But the government did not choose to go that way. Instead, it inserted item 16b, I believe it was, in the estimates, and that item has been defeated.

But there is an even more serious deficiency with respect to what has happened here because section 39 of the CDC Act, while clothing the government with the power to sell, to come to an arrangement at a fair and reasonable price to acquire Polymer, does not deal with the question of how to get rid of Polymer once that transaction has taken place. That was an oversight. The evidence in committee of Mr. Kennett of the Department of Finance, who is responsible for these matters, very frankly admitted it was an oversight at the time that the CDC Act was before parliament.

I would draw to the attention of the hon. member for York South (Mr. Lewis), and those who support him, that his party was very active in the debates in March, 1971, when a motion was placed before the House by the hon. member for Waterloo (Mr. Saltsman), which would have deleted Section 39 of the CDC Act. One of the speakers from his party, speaking in the debate at that time, laid emphasis on the undesirability of the CDC acquiring any existing Crown corporations. That was a perfectly proper stand to take, and in my view certainly in a situation where you have an economically healthy and well managed corporation like Polymer being the subject matter of a transfer, it just simply should not be allowed to happen. I have no doubt that that was their intention at that time.

Here, we have a corporation whose shares have been transferred to the Canada Development Corporation to a total value, which was agreed to between CDC and Polymer, of a maximum of \$72 million. Mr. Kennett in his evidence before the committee said that at the time of the transfer the book value of Polymer was \$108 million. Book value, in my estimation of common business practice, is not known as fair and reasonable value. To me fair and reasonable value means fair market value, and the fair market value is far in excess of the book value of \$108 million. So we come to the point where again I can use a

[Mr. Nielsen.]

favourite expression of the hon. member for York South and his supporters, that what has happened here is that the Canadian public, who are the owners of Polymer, have been ripped-off by the government in concert with CDC which in essence is going to be, if not yet, a private corporation, with only those participating being those who hold shares in CDC.

• (1530)

This brings me to some remarks that were made in the debate last Friday by the President of the Treasury Board (Mr. Drury). He tried to leave the impression that this was nothing more or less than the sale of one Crown agency to another Crown agency. That, Sir, is a distortion of the real state of affairs and, what is more, the President of the Treasury Board knew, or must have known or should have known at the time he made the statement that it was in fact a distortion. I would like to quote from *Hansard*, page 2546 the right hand column where he said:

This is a corporation wholly owned by the Crown. All of its shares are owned by the Crown. All of its funding is derived from the Crown. The Crown already had under its control and ownership another corporation known as Polymer.

And later:

CDC is a Crown corporation, and a physical operation of the sale by the Crown of one agency to another Crown agency is obviously entirely neutral in financial terms.

I do not know what impression the minister was trying to leave in this House at that time, but it is quite clear that he knew when he made those statements that it was fully the intention of the government to make a public offering of the shares of CDC this year if not next. Certainly, the debate put a time on it, such as five years, but that it is a private corporation, or will be eventually, there can be no doubt at all. That is one of the areas where we criticized this transaction.

Mr. Woolliams: He is acting as a marriage counsellor, now.

Mr. Nielsen: The Minister of Supply and Services (Mr. Goyer) is a great expert at concealing information that should rightfully be made available to members of this House. He tried to leave the impression that the corporation was going downhill and that this action was necessary to save it.

Other members took part in the debate on Friday, notably the hon. member for Scarborough West (Mr. Harney). I listened to him with great care, as I did to all members who spoke on behalf of his party with respect to the sale of Polymer to the CDC. He left no doubt in my mind that he was totally and unalterably opposed to this sale of Polymer to CDC.

Some hon. Members: Hear, hear!

Mr. Nielsen: I see he is in agreement now. It was also evident from the questions asked last Wednesday and Thursday by the hon. member for Oshawa-Whitby (Mr. Broadbent). He left no doubt in my mind that he, too, was against this sale.

Some hon. Members: Hear, hear!