

Development Investment Corporations Act

Seventh, changes in forecasting and marketing. Canadair has adopted a more realistic sales forecasting approach. It has also adopted a conservative method of counting new orders. I am sure Hon. Members opposite will appreciate that it is a "conservative" method. It lists only firm orders, and to be considered firm, an order must first be legally enforceable by Canadair. Also, it must be with a customer who has a clear ability to pay for the plane, and it must be with a customer who has not indicated any desire not to take the plane. In addition, Canadair has employed two major outside groups to provide a view of market prospects for the Challenger. On the basis of that view and other analyses, CDIC and Canadair have concluded that with a prudently conservative view of market shares, the Challenger program can generate a profit, including overhead but excluding interest on past debt. That is progress.

Eighth, the modification of Canadair's Middle East distributorship. Canadair has concluded a new representative and distributor agreement with TAG Aeronautics (Saudi Arabia) Ltd., and has settled an arbitration claim made by TAG through the International Chamber of Commerce. The two companies will be co-operating closely to realize Challenger sales opportunities in the Middle East.

Ninth, changes in management and management structure. After making a careful assessment of Canadair's management structure, CDIC concluded that significant changes were required. The structural changes which have been made were designed to produce a management team organized along functional lines. Authority and responsibility have been reallocated in accordance with the new structure and the management team is now functioning satisfactorily. The number of vice-presidents has been reduced from 22 to 12. I am sure you will appreciate that that is progress as well.

Tenth, the implementation of cost reductions. Significant reductions have been made in corporate overhead and operating costs. The savings to Canadair, once severance costs have been absorbed, will be \$27.5 million a year.

Nothing I have said should come as news to this House. Indeed, the Minister responsible for CDIC spelled it all out in a report to Parliament on Canadair in March. The lessons were not easy ones; but we have learned them. More important, we now have in Canada a well diversified company turning out good products—products of which all Canadians can be proud—and going out into the world to sell them. Canadair's costs are under control, its orientation is more commercial, its lines of accountability are clearer. It is positioned for profitability and it is identifying new strategic opportunities for the future. What more can I say? CDIC has effectively carried out its mandate to bring commercial attitudes, businesslike management and a strategic mentality to Canadair. Over the coming year Canadair, as a result of CDIC's efforts, will become one of the exciting instances of dynamic corporate turnaround, we all hope.

Mr. Nickerson: Even you do not believe that.

Mr. Robinson (Etobicoke-Lakeshore): Well, we can hope for it, can we not? If you lose hope, what do you have left?

The same process is under way at de Havilland. Obviously, CDIC has more to do there. We know that. We do not need to be told. The Government believes that there is a good opportunity to have in Canada a commercially viable aircraft industry. That is a decision we had to make. Do we want an aircraft industry or not? Diefenbaker in his time decided we did not want one. We have decided at this time that we do. We will have to wait and see what happens in the future. The lesson to be learned from this experience of the last two years is that turnarounds of the sort which is underway at Canadair do not just happen on their own. The turnaround at Canadair happened because the Government had in CDIC an instrument it could use to manage its investment in Canadair.

Quite simply, the Government needs an instrument like CDIC to manage its investments when it becomes a shareholder. The critics of CDIC cannot wish away these shareholding situations by attacking the vehicle through which the Government is managing its investments. Last Fall, this House passed Bill C-170, the Atlantic Fisheries Restructuring Act. Again, this was a situation in which the Government found itself as a shareholder in three companies involved in the catching, processing and marketing of fish, companies whose operations are vital to the well-being of the entire fishing industry and of the economies of the five eastern provinces. Hon. Members know the story behind that investment and I will not go over that old ground.

However, once the Government found itself, for pragmatic reasons, with new shareholdings, there was quite obviously a continuing need to manage those investments. Those companies, or their predecessors, had all lost money in recent years, but all of them must become internationally competitive because the major markets for Canadian fish are broad. They must operate on a commercial basis and the Government's investment must be well managed.

The Government could not ask the Minister of Fisheries and Oceans (Mr. De Bané) to do that job; he is the regulator of the resource and its harvesting. This time the Government had a vehicle available to manage those investments; CDIC. We need CDIC to take charge of such cases and to return them to the private sector when it is commercially feasible to do so. That makes sense to me, and it should make sense to Hon. Members opposite. We do not want to see the Government losing more money than it has already.

CDIC has proven its usefulness in the case of Canadair. It is applying the same analytic and problem solving ability to de Havilland and it will do the same in the fishing industry. Hon. Members know that any Government will find itself with investments in industry. They know that these investments need sound management. They know that there must be an instrument available to Government to provide that management. CDIC is that instrument, and I am confident that its creation represents a major step forward in dealing with the issue of managing government investments.