

to admit a province into the kind of proceedings I spoke of this morning.

Senator Connolly: In effect, what flows from that, I take it, is that the province, if it is at variance with the minister, must put its efforts towards convincing the minister that he is wrong and they are right?

The Chairman: Or the Governor in Council.

Senator Connolly: Yes.

Mr. Gibson: That would be my view, Mr. Chairman.

Senator McElman: In other words, no access to judicial review but to something that should be handled at the political level?

Mr. Gibson: Yes.

Hon. Mr. Gillespie: Indeed, that is provided in the bill itself.

Senator Connolly: Going back to the series of questions Senator Smith put to you, Mr. Minister, it seems to me that, particularly because of this measure and the discussion with respect thereto, people who are interested either in establishing a new business or in a foreign takeover would probably talk to the provinces first.

The provinces are likely, are they not, to know more about these projects, perhaps even before the federal authority is into it either officially or otherwise? It seems to me that the original investment is a matter that people who are making it—and it will be sizable, I assume, in every case—would be talking primarily to the provincial people about. Is that not so?

Hon. Mr. Gillespie: I think, particularly in the resource areas, Senator Connolly, that would be correct. One does not have to say more than what is the obvious on that one, whether it be a renewable resource, such as pulp and paper and timber rights, or whether it be in the mining area.

Senator Connolly: I am thinking of something of the nature of establishing a new refinery, for example. That has been done in a number of parts of Canada. Such an undertaking would be a big project and would certainly involve an increase in economic activity in the area where it is to be established.

Hon. Mr. Gillespie: I was going to go on to say, senator, aside from what I have mentioned in respect of the resource industries—and refineries are not in that category, perhaps, particularly on the East Coast where the crude would be imported—that when you get something that big, whether it is a refinery or a manufacturing enterprise, the province would be in on the ground floor, particularly because in some cases it would perhaps be through a DREE arrangement or because an infrastructure of one kind or another would be involved. The province, for example, would be involved in roads, or a series of other services which would be absolutely essential to that particular project.

Senator Beaubien: Mr. Minister, why would we put in that only five per cent of the stock would, under any circumstances, be deemed to give actual control? Senator Gélinas and I now have together been over 100 years in the brokerage business, and I do not think we have ever seen anybody owning five per cent of any stock having any say in the administration, really, and certainly never

having any control. Mr. Minister, how was the figure ever arrived at?

Hon. Mr. Gillespie: Senator Beaubien, it is a very arbitrary figure. Any figure is an arbitrary figure.

Senator Beaubien: Well, Mr. Minister, I can see perfectly well that if someone goes in and buys 51 per cent, now you are beginning to talk, and I suppose, in a very large company, if anybody had a very large block—

Senator Gélinas: We are talking about working control.

The Chairman: But Senator Beaubien, you know what you are overlooking? You are overlooking the fact that while five per cent is the threshold, it is open to the person who has five per cent to establish that it was not his intention to, or that he could not, control with five per cent. I would think the big difference might very well be between whether this is a portfolio or a passive investment, or whether it is some person who is planning to participate in the management of the company.

Senator Beaubien: To me, it is completely irrelevant. I do not see what difference it makes if I own five per cent of a company. If you are going to run around and see some of our companies that might have five per cent—Molson Breweries have, say, 17 million shares. If you take five per cent, you are only running into \$30 million. I mean, all of a sudden, are they going to be deemed to be under foreign control because some Arab wants to buy \$30 million worth of their stocks, or something?

Hon. Mr. Gillespie: Let me make a couple of points. The first one I would like to make is that this bill is concerned with control.

Senator Beaubien: Yes.

Hon. Mr. Gillespie: It is concerned with the screening of control; it is not concerned with the screening of ownership.

The second point I would like to make is that control is often exercised, particularly in the larger corporations, at well below 50 per cent ownership. I suspect that there are firms, public firms, where control is in fact exercised pretty close to five per cent.

The third point I would like to make is that it is an arbitrary figure; there is nothing magic about five per cent. It is a presumption which is rebuttable. If, after a period of operation with the bill, we find that that particular five per cent threshold is not a particularly practical threshold, then I would want, if I were the minister, to introduce an amendment to change it; because, clearly, there is no point in having a threshold which is inoperative, but which creates difficulties in the business community, and equally serious difficulties as far as the administration of the act itself is concerned; because you have to screen, or appear to screen a lot of transactions which the bill itself would not anticipate.

So, really, I think one has to take the pragmatic approach; it is arbitrary; there is nothing magic about it. If it is not right, after some operation, some experience—fine!

Senator Beaubien: In the case of companies like CPR and so on, where the control may or may not be outside the country, are deeming, because they are controlled by their board of directors, that they are in every sense of the word Canadian companies?