

Export Development Corporation

carried out by it. However, the Export Development Corporation will assume E.C.I.C.'s existing functions, assets and liabilities, and the bill before the house retains many features of the Export Credits Insurance Act. Provision is made for operations on a more comprehensive scale geared to anticipated growth of trade, and a number of technical changes will simplify administrative procedures and will make the new corporation more responsive to exporters' needs and to competitive situations.

At the same time, as hon. members well know, the government has many other claims to satisfy in respect of high priority programs, and bearing in mind the inflationary pressures which are of concern to all of us we have had to keep within reasonable limits the actual and contingent liability to the government arising out of the proposed legislation. Accordingly, in establishing legislative ceilings requirements have been projected over a relatively short period and can be reviewed in the years ahead. It is accepted that operation of the new corporation's facilities will be subject to regular budgetary planning and review and will be co-ordinated with other government programs.

Perhaps I might now turn to the bill itself and review briefly its salient features. The bill is in three parts: Establishment and organization, operations, and transitional and repeal. It should be noted that only Part I of the Export Credits Insurance Act is to be repealed. A number of government to government reconstruction loans made in the immediate post-world war II period under part II of the Export Credits Insurance Act remain outstanding. Although the authority to grant such loans was temporary, part II remains in force, and the Export Development Corporation may act as agent for the Minister of Finance (Mr. Benson) in connection with outstanding loans.

General direction of the affairs of the corporation is to be vested in a board of directors which, in addition to senior officials, will include representatives of the private export and financial communities. It is considered that the direct infusion in management of business knowledge and experience will greatly enhance co-ordination of effort in export development between the public and private sectors. Delegation of authority and the creation of an executive committee of the board and provision for alternate directors will facilitate the prompt and efficient dispatch of business.

The legal and corporate status of the Export Development Corporation will be similar to that of E.C.I.C. In addition, however, it is proposed that it be empowered to acquire, hold and dispose of real and personal property in connection with credits, insurance and guarantees provided by it or as required in its operations.

It is proposed that the corporation be empowered to employ such officers, employees and agents as may be necessary and to fix the terms and conditions of their employment. Notwithstanding, it will be expected to make full use of the expertise and resources available in other departments and agencies of government, and the bill contains a facilitating clause to that end.

To provide for the anticipated larger volume of business and the assumption of new functions, it is proposed that the authorized capital of the new corporation be established at \$25 million, all of it to be subscribed, with an equivalent amount as capital surplus. This compares with \$15 million plus capital surplus of \$5 million for E.C.I.C., it being understood that the capital would be paid in only as required. The corporation would assume all assets and liabilities of E.C.I.C. The paid-up capital of \$5 million and capital surplus of \$5 million would become paid-in capital and capital surplus of the new corporation. The corporation will thus begin operations with the same capital as E.C.I.C., but capital could be added as required up to a limit of \$50 million.

The corporation will meet most of its requirements for funds by borrowing, and it is proposed that the ceiling for this authority be set at 15 times the aggregate of the subscribed capital and capital surplus of the corporation. Initially, this would provide for borrowing of up to \$450 million. The eventual limit, when the authorized and subscribed capital is all paid in and matched by equivalent contributions of capital surplus, would be \$750 million. This compares with the E.C.I.C. statutory ceiling on borrowing of five times the aggregate of paid-up capital and surplus, or \$100 million. The increased borrowing authority is due largely to the decision to have the corporation assume responsibility as principal for the bulk of long-term export financing now being provided as a direct charge on the consolidated revenue fund.

I should emphasize at this point that we have endeavoured, both in the legislation and in the complementary administrative action proposed to accompany it, to rationalize the whole range of financial relationships