

Canada Development Corporation

high technology projects with strong futures. They like its profit and potential.

Frankly, why should they not like the potential of this company? The corporation has turned around from a loss position to a more profitable basis, and its performance continues to improve. Long-term indebtedness has been reduced and the outlook for the future is bright. As a result, the corporation is attractive to investors.

Our share issue has attracted a wide and rather broad base of shareholder support. I think, again, this gives an indication of the wide interest in the company. We are particularly pleased that Noranda Incorporated, a solid Canadian company, purchased receipts totalling 6.5 million shares, or 28 per cent of the issue. Obviously, Noranda sees the potential for tremendous growth in CDC. If the sale had been bound by the 3 per cent limit, Noranda could not have such a large investment in Canadian development.

There is another reason why a new CDC Bill is required to complete divestiture of the company. As some Hon. Members will be aware, the Canada Development Corporation, by virtue of its governing statute, is now an eligible investment for insurance, loan and trust companies under the legislation governing these institutions.

Investors appreciate the fact that under this legislation we will be phasing out the special treatment of CDC shares. The corporation will operate under the Canada Business Corporations Act, with its common shares treated like those of any other company for investment purposes.

Under the current CDC Act, the special provisions for CDC shares were to continue for the life of the corporation. We will remove that protection after a transition period of three years. I might add as well, Mr. Speaker, that CDC shares are also eligible investments for registered retirement savings plans under the Income Tax Act. Investors would not be able to buy up the Government's total interest in the Canada Development Corporation right away. Passage of this Bill will allow the Government eventually to sell its remaining 11.8 per cent interest in the corporation. However, the Government will not sell its remaining interest until after December, 1986. To do so would constitute a default under certain existing loan agreements. We will continue to maintain at least a 10 per cent holding until the CDC repays the loans or arranges to have these agreements amended by the lenders.

● (1125)

The transition period I am talking about is an important middle step. It will allow the corporation to move into the market on an equal footing with other private companies. During the next two years, the Government can still have a presence in the corporation as it will retain its right to appoint up to five directors to the board. In effect, the government will have the role of "watcher of the store". Our investment in the Canada Development Corporation will be properly supervised until the Canada Development Corporation completes its orderly move to private control. If, for any reason, the Government still holds 10 per cent or more of the company's interests

after the number of years to which I referred, the directors would remain on the board.

All of these measures in Bill C-66 paved the way for the Canada Development Corporation to change hands, to move from government ownership to private enterprise. Our route toward reducing the Government's stake in the CDC has been carefully planned to ensure the continued success of the company and to retain its objective of offering Canadian solid business opportunities.

In conclusion, Mr. Speaker, may I say that the legislation before the House will provide for the orderly transfer of the Canada Development Corporation to private hands. That is where it should be. That is where it belongs.

Mr. David Dingwall (Cape Breton-East Richmond): Mr. Speaker, this being my first opportunity to welcome the Minister back to the House after the recess, I want to do so and to congratulate him for showing such great judgment over the summer recess in travelling to Atlantic Canada. I think he ought to do more of that and, hopefully, he will make more visits to my own riding and perhaps have some positive things to say with respect to economic development.

The Minister in his remarks talked about the carefully planned, if you will, transfer from government ownership or involvement to the private sector. The Minister certainly is right. In fact, my Party approves of this transfer to the private sector. If one goes back, Mr. Speaker, and looks at the history of the Canada Development Corporation, one is reminded of statements which were made on February 22, 1971 by the then Minister of Finance, Mr. Edgar Benson. He said, as reported on page 3630 of *Hansard*:

● (1130)

This government believes that there is a role to be played by a new institution, backed by substantial sources of Canadian capital and managed by skilled, experienced Canadian entrepreneurs, to help make possible fuller Canadian participation in the growth and development of Canada. Such an institution will be able to work closely with the other members of the Canadian business and financial community and provide Canadian entrepreneurship with the access to more substantial concentrations of Canadian capital required to ensure a greater Canadian presence in the growth of our own economy.

As the Minister and other Members know, the purpose of the CDC was twofold: To help develop and maintain strong Canadian-controlled and managed corporations in the private sector; and to give Canadians greater opportunities to invest and participate in the economic development of Canada. I suggest, Mr. Speaker, that that has been achieved. However, in addition, the intention of the Government of the day was to have an orderly transfer, if you will, to the private sector of the shares referred to by the Minister in his remarks. It was also anticipated that the corporation would operate throughout the 1970s, as it did, on sound basic principles of good business with the profit motive being one of the primary objectives. Of course, Canadians were to be substantial investors in the initial days of the CDC. However, my Party agrees with what the Minister has just said about the transfer of the shares. It has been stated on numerous occasions that the shares would be sold under two conditions. The first was that they would be