Hon. Jack Austin (Minister of State): Honourable senators, I have considered the matter and am satisfied that it would not be proper for me to comment, on a day-to-day basis, on the business of the Canada Development Corporation. I believe that would be an assertion of an authority which is properly that of the board of directors.

Senator Doody: The senator is saying that it would not be proper for him to report to the Senate on the activities of the corporation, although he represents the Canadian taxpayers who hold 48.5 per cent of the shares. Is there something improper about the activities of the CDC that would cause the honourable senator to be so reluctant to describe its activities to us?

Senator Austin: Senator Doody well knows that the Canada Development Corporation is not a crown corporation and is not an agent of Her Majesty. It is a corporation in the private sector, and my role is that of shareholder. My role is not, in any way, that of a director who decides on the day-to-day activities of the corporation. The principle I have stated would apply if Her Majesty owned shares in the Hudson's Bay Company, Dome Petroleum, Noranda Mines, or any other private Canadian company.

If questions directed to me are relevant to the role of the Government of Canada as shareholder, I will be pleased to respond, but I cannot comment on the day-to-day conduct of the business of the Canada Development Corporation.

Senator Doody: If the honourable senator would refer to *Hansard,* he would see that he was not asked to comment on the day-to-day activities of the corporation; he was asked to comment on one specific purchase by the CDC of Savin Inc. The question dealt with the purchase of a rather large American organization which, in my opinion, was not going to help the Canadian economy or the Canadian shareholders. The honourable senator represents 48.5 per cent of the shareholders and we, as Canadian taxpayers, are those shareholders.

If the activities of the Hudson's Bay Company and Dome Petroleum were as weird-looking as the activities of the CDC in regard to the Savin purchase, and if the honourable senator were representing 48.5 per cent of the shareholders of those companies, I think he would be called upon to account to, and discuss it with, the shareholders.

As a Canadian taxpayer and as a member of the Senate, I ask the honourable senator to describe exactly what the objectives were in regard to the acquisition of Savin by the CDC.

Senator Austin: Honourable senators, I think the issue between us is clear, and I thank the honourable senator for his question, inasmuch as it makes it clear.

I will not comment upon the wisdom of the board of directors of the Canada Development Corporation in making any purchase it might make. I will answer questions as to whether the purchase of Savin is within the objectives and powers of the board of directors of that corporation. I can certainly tell honourable senators that it does fall within the authority and powers of the board of directors of the CDC to acquire Savin Inc.

It must be made very clear indeed that if I were to respond to questions about the specific assets of the Canada Development Corporation, I would be commenting on the day-to-day conduct of the business of that corporation. I do not believe that members of this chamber would like to see me assert any kind of authority over the day-to-day business of the Canada Development Corporation.

● (1435)

Senator Doody: Honourable senators, if I may impose on your good will for just another moment, I should like to ask a supplementary question. Whether or not the members of this chamber would like to have the honourable senator report on the activities of the CDC is not the matter that I am concerned with. What I am concerned with is the consistency of the objectives of the CDC—and the minister has just said that he would be quite willing to report to this chamber on that—in their purchase of Savin, which is a United States copier firm, wholly operating within the United States of America, which adds nothing to the Canadian economy, to the Canadian employment scene, or to the objectives of the Canadian government, as I understand it.

I know that the Minister of Industry, Trade and Commerce, as he was then called, described some of the objectives of the CDC, and they do not seem to be consistent with the purchase of Savin. Can the minister report on the consistency of the objectives as described by Mr. Gray?

Senator Austin: In my responsibility as a shareholder of the Canada Development Corporation, what I am prepared to do is advise this chamber with respect to an activity of that corporation, that activity being within the objectives and the powers of the board of directors. The purchase of Savin is within the objectives and powers of the board of directors.

Whether that was a wise business purchase is a matter for the board of directors to determine. I suppose that if I, as a shareholder, believe that the board of directors is not making good business decisions, I could recommend to the government that we sell our shares and not go along with the risks which the board of directors finds acceptable.

I am not prepared, as I have stated, to sit in public judgment on the discretion of the board of directors to run the business of the Canada Development Corporation.

I might simply add that the board of directors has itself explained to its shareholders the purchase of Savin. That was done in a press release issued by the chairman of the board of directors. That purchase was explained as a business judgment and, as the honourable senator knows and as I am sure other honourable senators know, the Canada Development Corporation is a private-sector corporation with the principal purpose of making a profit within the context of its shareholdings being restricted to Canadian investors. I am sure that the board of directors believed that it was being consistent in developing the profit potential of the Canada Development Corporation when it made that purchase.