

its business holdings over to the private sector where they properly belong.

● (1115)

We have begun this program with the CDC because, frankly, the corporation fulfils absolutely no government policy objectives and has not done so for a long time. Reducing the Government's stake in the company will benefit not only the corporation and its investors but the Government and above all the people of Canada and, incidentally, will put approximately \$250 million back into the country's Consolidated Revenue Fund.

As some Members will recall, there were earlier indications that the Government planned to divest itself of the CDC. Indeed, the previous Liberal administration stated its intention to get out of the corporation when the time was right. That being the case, I fully expect that this Bill will receive support from most parts of the House, and it is support which I would suggest is fully deserved.

As we will recall, the Canada Development Corporation was set up in 1971 as a government-owned corporation to develop Canadian-controlled corporations in the private sector. Initially the Government transferred to CDC ownership of some of its investments in the petrochemical industry. Subsequently, CDC acquired and developed major industry investments in petroleum and sulphur, mining, petrochemicals, office information, life sciences and industrial automation.

The corporation now owns all of Kidd Creek Holdings and Kidd Creek Mines and a majority portion of Canterra Energy Limited. It also owns Polysar Limited, the world's largest manufacturer of synthetic rubber, all of AES Data and most of Savin and has recently expanded into biotechnology with the acquisition of Connaught Laboratories. In fact, the corporation has been acting like a private company for many years. Since it no longer serves Government, we must allow it to continue successfully to serve private industry. Investors now will have an added opportunity to participate in a private company with the potential for tremendous growth.

As the House may be aware, the corporation has, in the past, made issues of voting shares available to the Canadian public, so the Government is now carrying only 47 per cent of the voting rights of the corporation. To divest our shares, we could have simply continued to offer them under the terms of the Canada Development Corporation Act. However, in proposing this legislation, we wish to change the rules governing share issues for several important reasons.

First, under the old Act the Government was obliged to retain at least 10 per cent of the voting shares of the corporation. We wish to permit the Government to divest its entire holdings in CDC, although it must retain a 10 per cent holding for another couple of years. As well, Canadian investors or groups of associated investors could each purchase only 3 per cent of the corporation's interests. We are raising the limit to 25 per cent to permit individual Canadian investors or groups of investors to have a significant stake in the affairs of the company. This is important for two reasons. It permits compa-

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nies to meet equity accounting provisions with investments larger than 20 per cent and it provides the possibility for a large sponsor to take a direct and active role in the corporation's affairs. This will provide for a check on management, and all shareholders should welcome this move.

Additionally, in the past, non-Canadian investors were excluded from ownership in the corporation. We feel this restriction is no longer necessary and that non-Canadian investment in CDC can be beneficial for the fortunes of the company. As the Prime Minister (Mr. Mulroney) announced when this Government came to power, Canada is open for business.

**Some Hon. Members: Hear, hear!**

● (1120)

**Mr. Stevens:** However, we are proposing limits on non-Canadian investment in the Corporation. The Bill provides that any single non-resident investor, or group of investors, can purchase at most 10 per cent of the voting shares. Total foreign investment will be restricted to 25 per cent. In this way, we will still preserve, by a very wide margin, Canadian control of this major corporation.

One Hon. Member has been telling the media that this Bill could allow a non-resident to buy a controlling interest in the corporation. That is simply not so. The provisions limiting non-resident investment are detailed and make it impossible for a non-resident investor or group of investors to acquire a controlling interest.

On August 21, the Government offered for sale 23 million shares of Canada Development Corporation stock at an attractive price and under an innovative and tailor-made approach. I wish to explain that transaction in some detail.

In essence, we sold the shares on the instalment plan. Investors paid one-half of the purchase price by September 6 and received an instalment receipt. The second instalment is due when this legislation is passed and no earlier than one year from September 6. At that time, the investors will exchange the instalment receipts for CDC shares.

It was deemed a good time for the Government to sell its stock. Only a year ago, CDC stock was selling for less than \$4 a share. Over the past 10 months the price has steadily moved up and we were able to achieve a price of \$11.50 for each of our shares.

We expect to realize approximately \$250 million from this sale, which will go to the Consolidated Revenue Fund over the next two years. We have already received our first cheque. Through the sale of the instalment receipts, we have already put in the order of \$120 million into the Consolidated Revenue Fund.

Investors have reacted enthusiastically to the issue. They have given a clear indication that they approve of the Government's decision to move the company into the private sector. They like the corporation's mix of natural resources, technology and life sciences. They like its emphasis on long-range and