

The rationale behind the legislation is the view that the current regulations place an unfair burden in the form of uncertainty and unnecessary costs on foreign controlled companies that want to be involved in the oil and gas business in Canada. In addition, Canadian companies may be restricted from realizing the full value of their investments by not being permitted to sell an oil and gas business to the highest bidder. For investments beyond \$152 million, Investment Canada will still apply the net-benefit-to-Canada test for transactions that are reviewable. The result is oil and gas companies will now be treated no differently from businesses in the manufacturing sector. There is therefore no reason to maintain review thresholds different from those applied to the manufacturing industry. It is estimated by the *Financial Post* in their March 30, 1992 edition that an additional \$300 million to \$400 million a year in investment will result by virtue of the lifting of ownership restrictions and raising the threshold levels.

There are two other important aspects to this bill that I would bring to the attention of honourable senators. This amendment will permit the minister responsible for Investment Canada to enter into agreements with entities other than provincial governments and other agencies. The amendment will modify the act, which currently allows the agency to enter into agreements with any province, by adding the words "or with any other entity or person". This will allow the minister to enter into agreements with corporations and individuals. Approval by the Governor in Council is needed to enter into an agreement with a province and this approval will be required before an agreement is reached with the private sector. Agreements among federal departments and agencies do not require Governor-in-Council approval. The minister responsible for Investment Canada will use this power to enter into agreements primarily designed to share the monetary costs of an investment promotion project but also related to research activities of the agency.

The amendment will allow Investment Canada's program division the flexibility to undertake jointly funded programs with non-government entities. For example, the research division may collaborate with the C.D. Howe Institute or the Conference Board of Canada to study investment issues and, similarly, the development division may work with the Canadian Advanced Technology Association or the Information Technology Association of Canada to promote investment in a specific sector.

The amendment will bring the Investment Canada Act into line with the authority governing other federal departments and agencies that have comparable missions.

Third, this bill amends the act to give the minister new powers to determine whether or not a business entity in the cultural sector is or is not Canadian controlled. The proposed amendment gives the minister the authority to look beyond the current sections of the act that define a Canadian-controlled business to determine control "in fact". This will ensure that the proposed investment in the cultural sector which is controlled in fact by non-Canadians has not

been structured in such a way as to avoid review under the act. In essence, this is an anti-avoidance amendment section.

Specifically, this section of the bill proposes three substantive new clauses. The first gives the minister the authority to override the current definition of control and base its determination on control in fact. The minister will also be given additional power to determine whether control has been acquired, and if the acquirer is a non-Canadian. The second gives the minister the authority to request relevant information from an investor, and to reach a decision on the information that is available to him.

• (1630)

The rationale behind these changes is to encourage the development of a strong cultural sector in Canada as a priority of this government. A healthy Canadian-owned book-publishing sector makes a strong contribution to Canada's culture because it can be relied upon to publish Canadian authors. Similarly, Canadian filmmakers and recording artists bring out Canadian values in their work, and Canadian companies often play an important role in the production and distribution of their work. Government policy is to encourage foreign-controlled firms to also contribute by promoting Canadian artists in their work.

In conclusion Mr. Speaker, members —

Senator Frith: Honourable senators.

Senator Ghitter: — honourable senators, I believe that these amendments to the Investment Canada Act, as proposed in Bill C-89, will be beneficial to the oil industry, the business community and the cultural community. The response to the proposed bill has been very positive in the business and cultural communities, and I recommend this bill for the consideration and approval of all honourable members.

Senator Frith: Senators.

Senator Ghitter: Senators.

Senator Frith: Honourable senators, I had no intention of harassing the senator, because many of us have had the experience of having some notes prepared for us by the department. They tend to prepare them in a form for delivery in the House of Commons. I understand the predicament. I have had it happen myself. I thought I might as well raise it on the spot, and then it might —

Senator Ghitter: Honourable members, I prepared my own notes and made the mistake. I cannot blame it on another party.

Senator Gigantès: You are very generous, sir.

Senator Frith: In that case, the explanation is that you have been watching C-SPAN or something of that kind.

On motion of Senator Molgat, debate adjourned.

[Senator Ghitter]