

Canadian investors, and that requires, as honourable senators well know, an attractive commercial record for those companies and an opportunity for the Government of Canada to receive a fair return on its present investment.

Some Hon. Senators: Hear, hear.

● (1425)

Senator Roblin: I think I struck pay dirt this afternoon.

Hon. Royce Frith (Deputy Leader of the Government): You always do.

Senator Roblin: We have actually heard a statement made by a minister of the Crown that the government is considering a program of divesting itself of some of its present commercial activities. I think that, as a general rule, I am bound to approve of such a move on the part of the government. I would like to ask a few questions, however, with respect to the present situation.

What responsibility will the CDIC—the minister's creation—have with respect to these companies which he is going to prepare to divest? For example, with respect to the Canadian Development Corporation, which is now showing a loss for the current year of over \$100 million, it is quite clear it is not going to be easy to let that go at the present time. The opportunity has been missed. I am concerned, however, about this question of 49 per cent control residing in the CDIC. Is the government still exercising the same 49 per cent influence as it did before the CDIC was created?

If I may just elaborate on the same line of questioning, to keep the minister from bobbing up and down, what will be the operational or managerial relationship between the CDIC and the de Havilland Corporation, Canadair and those other companies which are now tagged as being available for purchase when the appropriate time comes? Is the minister in a position to tell us who is going to be responsible for this? There is a fellow Manitoban, who is known rather well to the minister, and who I think is active in the CDIC at the present time, if my information is correct. I would like to know if Mr. Maurice Strong will continue to occupy a role. I have heard that Mr. Barney Danson will be active in one of these subordinate companies. I am curious to know whether or not that is correct information. Perhaps the minister will give us a more rounded statement of how he visualizes this divesting procedure will take place.

Senator Austin: Honourable senators, I truly welcome Senator Roblin's interest. The situation with respect to the Canada Development Corporation shares which are held by me but which are to be held by CDIC with the approval of Parliament is as follows: The government has never, at any time, exercised its shareholding position in CDC so as to affect its business judgments. The president and chief executive officer, Tony Hampson, has stated publicly that at no time has the government sought to influence the business judgments of that entity over any matter. Accordingly, the government is indeed one of the most silent of its shareholders.

As a result of the May 27, 1982, agreement with the Canada Development Corporation, our shares are on the

[Senator Austin.]

market and we will continue not to attempt to participate as a shareholder in the business governance of the CDIC. We will leave that to the Canadian investor shareholders, who also have a substantial interest in CDC.

With respect to CDIC and its role relating to the assets I have mentioned, including the shares of CDC, the operating relationship will be that of a holding company, investment manager and financial partner. In other words, it will be a hands-on relationship between the 100 per cent shareholder—the Government of Canada—and the corporations, Canadair, de Havilland, Eldorado and Teleglobe. That is a relationship which is quite common in business where the corporations are governed by their directors. Those corporations will continue to be governed by their directors, but the shareholder will be represented on the board of directors, and the shareholder qua its role as a provider of funds will indeed wish to have an arrangement with those corporations relative to their operating plans, their corporate purposes and their use of those funds. Those are normal commercial operating circumstances.

With respect to the executive personnel, I would like to advise honourable senators that Joel I. Bell has today been appointed president and chief executive officer.

Senator Roblin: Of what?

● (1430)

Senator Austin: Of Canada Development Investment Corporation. Hitherto he has been Executive Vice President of Petro-Canada and has done an outstanding job as a senior officer of that company in its corporate acquisitions and financing program. I believe that Petro-Canada stands as one of the outstanding illustrations of the role of a crown-funded commercial activity.

An Hon. Senator: Time will tell.

Senator Austin: With respect to Maurice Strong, who indeed is one of the most distinguished people to come from Manitoba—he comes from Oak Lake—he is the Chairman of the Board of Canada Development Investment Corporation. He will devote approximately half of his time to the affairs of CDIC. The corporation will shortly be announcing the appointment of additional senior executive personnel to assist it in its role.

Senator Roblin: Honourable senators, I would ask one further question, to make sure that I have the situation correctly visualized in my mind. I take it that the Mr. Bell referred to is the one who received such prominent notice in a book known as *The Sorcerer's Apprentices*, which I had the pleasure of reading over the weekend, and which I consider should be on the desk of more than one member of this house, having regard to his interest in public affairs.

From what the minister has said, I can now look to him with respect to certain aspects of the management of those companies. He has told me that he is going to operate as a holding company, which means that the CDIC will make itself responsible for the capital budgets of those companies, for their operating budgets, and for their profit plan, and that the government itself will hold the purse strings. Therefore, it