

Canada Development Corporation

enough to agree to a suggestion made by the Chair some time ago that the bill he proposed be withdrawn and that the subject matter thereof be referred to the Standing Committee on Privileges and Elections. That matter is still before the committee and I doubt very much whether there should be an attempt made at this time to settle the matter through an amendment to an act while the matter is still under consideration by a committee of this House.

For all those reasons I regret very much having to conclude and rule that the hon. member's motion cannot be put at this time. We now go to motion No. 12 in the name of the hon. member for Regina East (Mr. Burton).

Mr. Andrew Brewin (for Mr. Burton) moved:

That Bill C-219, an act to establish the Canada Development Corporation, be amended by substituting the words "five per cent" for the words "three per cent" in subclause (3) of Clause 2 of Schedule 1.

He said: Mr. Speaker, the purpose of this amendment to the schedule is to enable the provincial governments or the legislatures of the provinces on behalf of the provincial governments or the Crown or Her Majesty in the right of the provinces to acquire in the case of each province 5 per cent of the number of voting shares of the corporation rather than the present figure which appears in the schedule. The schedule provides that the holdings in the right of Her Majesty, in the right of the province or agents of Her Majesty shall not exceed three per cent of the total number of the issued and outstanding voting shares. The legislation recognizes, I think quite rightly so, that Her Majesty in the right of the various provinces may well be and should well be interested in being participant shareholders, participants therefore in the direction and control of the Canada Development Corporation. The purpose of the amendment is to remove the restriction which is fixed at 3 per cent, increasing this to 5 per cent.

We in this party have tried to make it very clear that we believe in government equity in publicly financed projects, and we believe in direct control by Parliament. The proposal made here is to encourage a partial approach toward that objective. We think as much as possible of the financing of a corporation such as this should be out of public funds so Canadians can benefit. In this way, any interested province can invest in this development corporation. Thus, Canadians who happen to be in those provinces are investing in this fund.

We believe this is a form of co-operative federalism that makes sense. Provincial governments are deeply concerned in the development of Canadian resources. They have the planning machinery to advise the corporation and assist it in determining what investments it shall make in the resources of Canada. They have responsibilities in that particular field. The more the provinces can be induced to step into the field of developing Canadian resources through this Canada Development Corporation the better.

Our leaders, and I mean the Prime Minister (Mr. Trudeau) of the country and the other prime ministers and premiers of the provinces, have made it perfectly clear

[Mr. Speaker.]

that in their view one of the basic purposes of Confederation is to iron out the regional disparities which exist in this country, and to remove regional disparities by whatever means are available. It seems to me that the existence of this corporation, participated in by the various provinces, can and should be used as a major tool in ironing out these regional disparities.

To attempt to do this without the co-operation and participation of the provinces might well turn out to be a great mistake. Someone has suggested there is a danger if all ten provinces take up their five per cent in that 50 per cent of the capital would be owned by the provinces. First of all, I think it highly unlikely that all ten provinces would join together to become participants to that extent in this corporation. If they did, I think it would be an excellent thing that such a result was brought about. If all ten provinces, in a sense, were partners with the Canadian government through a Canada corporation for the development of the resources of this country, that would be highly beneficial to the country. I have no fear that this result will actually happen, but if it did I have no fear that it would be anything but beneficial.

I do not know the rationale behind the three per cent limitation. Why put a limit on provincial participation? The purpose of the measure is to establish a corporation that will help develop and maintain strong Canadian controlled and managed corporations in the private sector of the economy which will give Canadians bigger opportunities to invest and participate in the economic development of Canada. Why should not provincial governments be encouraged to participate as fully as they are willing in this effort? They would be participating on behalf of the citizens of their province. I think it would make it a much greater and more effective Canadian venture if this amendment were accepted.

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, we do indeed hope and feel that provincial governments will find investment in the Canada Development Corporation a desirable objective for their own purposes. However, the basic concept of the measure is that majority ownership in the CDC should ultimately rest with the private sector. There is a provision in the bill that federal participation may be reduced to 10 per cent, and that is as low as it can go. There is another provision under clause 3 of schedule II that an agent of Her Majesty in the right of Canada and the associates of that agent can own another 3 per cent, so there is provision in the bill for 13 per cent of the voting shares being owned or controlled directly or indirectly by the federal government. In order to retain the basic concept that majority ownership shall ultimately rest with the private sector, the 3 per cent for each provincial government is necessary.

Four per cent times ten provinces would be 40 per cent, which would mean the public sector might own 53 per cent. The suggested amendment here could raise the number of voting shares owned in the public sector by both federal and provincial governments to 63 per cent. That is the rationale of the three per cent figure; it relates directly to the basic concept that the majority