

Investment Companies

necessity of making \$200 million available. I do not see why the taxpayers of this country should have to establish a kitty for any company which is in difficulties. I agree with my friend, the hon. member for Edmonton West, and I would go a little further. There is a case to be made for reviewing the provisions contained in the Porter Royal Commission which pointed out that the way to deal with problems of this kind was to invoke the right to bring the so-called near banks under federal jurisdictions and make them subject to the provisions of certain of the precautionary legislation; and, of course, also make them eligible under the provisions of the Canada Deposit Insurance Corporation Act.

I think this would be far better than leaving in the hands of the minister and the Superintendent of Insurance the right to pay amounts up to an aggregate of \$200 million in order to bail out corporations which may be in trouble. I think it would be much better to establish those corporations as near banks, characterized in that way, thereby giving them the protection which is available. As to provincial institutions, they could by application, if their assets and financial statements are such as to make them eligible, take advantage of the same provisions.

For this reason I am very dubious about parts of the legislation. I hope the committee will scrutinize it with care. Having in mind our experience in the past, I trust that the points I have mentioned will be the subject of discussion by the committee. I assume the bill will be given second reading tonight and will go to the committee. I hope that when the committee has finished its examination, it will have spent some time in considering these aspects of the measure.

Mr. Deputy Speaker: Order, please. I must remind the House that if the minister speaks now he will close the debate.

Hon. Herb Gray (Minister without Portfolio): Mr. Speaker, I think that hon. members opposite would like me to take a few minutes at least to respond to some of the comments they have made.

The hon. member for Edmonton West (Mr. Lambert) raised a question regarding the authority given in clause 15 of the bill, as did the hon. member for Peace River (Mr. Baldwin). As the House will recall, this clause specifies that no sale or disposal of the whole or any part of the undertaking of a sales finance company is of any effect unless and until it has been approved by the minister.

[Mr. Baldwin.]

The hon. member for Edmonton West expressed concern that this requirement might cause delay in implementing any purchase or sale. He thought it was reasonable with respect to the sale of the entire business of the company because he recognized that it would be tantamount to selling control of it. But he appeared to be objecting to the fact that ministerial approval would be required for the sale of even a small part of a sales finance company which would be under the jurisdiction of this act.

Let us remember that the purpose of the clause is to prevent the sale or control of a Canadian sales finance company to non-residents. It was considered that if the way were open to sell the business, little would be accomplished simply by controlling the sale of shares of the company. As I have said, this provision has also been criticized by the hon. member for Peace River. He suggested that this is a new and unusual form of power to give to the government or to one of its ministers.

I would point out to the House that there are precedents for this requirement in the Canadian and British Insurance Companies Act, the Loan Companies Act and the Trust Companies Act. Under these acts, the sale of all or part of the business of a company under their provisions requires governmental approval. At present it is the approval of the Treasury Board that is required, but amendments to these acts propose that this be transferred to the appropriate minister, recognizing the change in responsibility of the Treasury Board in recent years. I am informed that no difficulty has arisen in the past concerning delays in obtaining approval from the government for the sale of all or part of the assets of companies coming under the Canadian and British Insurance Companies Act, the Loan Companies Act and the Trust Companies Act.

The hon. member for Edmonton West also raised a rather interesting point about the provision in the bill before us giving the Canada Deposit Insurance Corporation authority to make loans for short-term liquidity purposes as a lender-of-last-resort to Canadian sales finance companies. The hon. member referred to clause 27(3) on page 36 of the bill. He noted that the Superintendent of Insurance is required to report to the minister on the administration of the act, and he also remarked that the Canada Deposit Insurance Corporation is required to report to the Superintendent on the activities of the corporation