

Trust Companies

also have the Premier of Saskatchewan backing up his Minister of Finance on numerous occasions. I quote from an article in the *Regina Leader-Post* on January 11, 1985. It reads:

But Devine said the Government has no intention of running the company, although it is prepared to support it with financial guarantees. "If I have to back it up I am prepared to say if it does go all the way to the wall, then obviously I'm going to have all that is necessary to make sure that Saskatchewan taxpayers are protected," he said.

The Premier of Saskatchewan and the Minister of Finance for Saskatchewan make this public and private commitment to Pioneer Trust, yet, Mr. Speaker, on February 7 the Minister of Finance publicly announces that the province will not proceed with the guarantee. His stated reason was that the province was not aware of how serious Pioneer's problem was. They made a bad situation even worse. In effect, they had offered a false sense of assurance to the depositors and shareholders of Pioneer Trust. Did the province not examine Pioneer's books before it made its commitment? It sounds incredible but it appears that the province made a \$30 million commitment without even verifying the books of Pioneer. Indeed, its action bears out what former Ontario Premier Bill Davis is reputed to have said about the Devine Government, "Amateur night on the Prairies".

The Saskatchewan Tory Government, which prides itself on its business approach and expertise, is now being sued by Pioneer Trust. So much for those great free enterprisers, Mr. Speaker.

We are also concerned with the federal Government. On August 1 the federal Government had allowed the company to continue to operate under restrictions on the understanding that it would have to increase its liquidity by December 1, 1984, before its licence would be renewed. On December 31, the company's licence was renewed although it had not succeeded in raising more money to increase its liquidity. We want some answers, Mr. Speaker. Did the provincial Government give the federal Government a written guarantee? If not, why was the licence renewed? Obviously, Mr. Speaker, Pioneer Trust did not get its \$30 million, yet its licence was renewed by this Government. This Government has to be held accountable for that action. What we are really seeing is mismanagement by both the federal Government and the provincial Government.

It is interesting, in pursuing the court documents which were filed in the Court of Queen's Bench, to note the total lack of evidence showing federal-provincial government communications. We want to know what consultation occurred before the company closed its doors. Did the federal Government make the provincial Government aware of the seriousness of Pioneer's situation before the province committee itself to the guarantee? Was there any discussion between the two Governments concerning alternatives such as an agency agreement, before Pioneer's collapse? It strikes me that both Governments acted incompetently. So much for this new era of federal-provincial consultation, especially between Tory Governments.

● (1610)

There are other questions that should be answered. For example, according to the preliminary audit filed with the court, there was some \$36 million in uninsured deposits as of December 31, 1984. On February 7, when Pioneer closed its doors, there was only \$24 million in uninsured deposits. What happened to the \$12 million? Were there companies and individuals who had privileged information and used that information to make some timely withdrawals? We want to know. We also want to know if there was any unusual selling of shares by a few individuals before Pioneer's collapse. There are some very serious discrepancies, especially concerning the uninsured deposits in the amount of some \$12 million that disappeared in a little under two months.

As well, there are rumours and reports that a Conservative Saskatchewan Cabinet Minister obtained a substantial under-secured loan from Pioneer last December without even declaring his conflict of interest when Pioneer was discussed at Cabinet meetings. Again I think this deserves a full public inquiry.

The events surrounding Pioneer and its demise raise many, many questions, Mr. Speaker. The concern we have is that politics indeed played an important part in the failure of this company. We have asked the Minister of State for Finance to institute a public inquiry. We believe the public has a right to know. We believe that before we see more trust companies going down the drain—and there are reports that several other trust companies are in an unstable situation—before the people of Canada pay out hundreds of millions of dollars more, it is time we reviewed the regulations concerning trust companies. It is time that we had an open inquiry.

It surprises me, Mr. Speaker, that despite the mismanagement by the Saskatchewan Government and particularly that Government's Minister of Finance, that same Minister of Finance calls for less regulation of the trust companies. In fact, he feels that part of the reason why Pioneer went under was that there were too many regulations. Can you imagine the gall? After the experience we have had in this country of so many trust companies going under, we know that in fact the problem is not enough controls, not enough regulations. Yet the Saskatchewan Minister of Finance calls for even less. I suppose what he wants is a return to the days of private financial buccaneers and pirates. Well, there are many of us who wonder whether indeed we will see an honest and open public inquiry set up by either the provincial or the federal Government. It seems as though there are too many things to hide. For example, I note with interest that very recently in the *Globe and Mail*, specifically on February 27, a statement was made by the head of Canada Trustco, Mr. M. L. Lahn. He said that he doubts if this present Government will indeed effect any changes in the regulations as to the ownership of trust companies. I quote him:

Several of the trust company owners fall into the category of influential Conservative Party backers and fund raisers. It would thus be naive to expect an ownership restriction to be forthcoming.