

*Trust Companies Act*

issued by a registered insurance company. At present, as the House will recall, companies can make such excess mortgages only if the excess is insured through a government agency. The proposed amendments obviously will broaden this to authorize such loans if the excess is insured by a registered insurance company.

• (4:20 p.m.)

The hon. member also made an interesting comment about the ability of trust companies to take equity positions in various types of projects. I might mention that I think the legislation states there would have to be overall limits on the total amounts of investments by trust companies in various types of investments including equity, although the question he has raised certainly is one which can be given some further study as the situation develops.

The hon. member for Dauphin (Mr. Ritchie) also made some interesting comments. I should like to remind the House that while it is felt the proposed amendments will be of assistance in providing an adequate supply of mortgage funds for residential purposes, certainly it is not correct to claim that this is the sole effort of the government in this area. Other efforts I might mention are, for example, the amendments last year to the National Housing Act, which have also been approved by the House, and which are having a positive effect on the supply of houses and funds for housing in this country.

The hon. member expressed some doubt as to the degree of effort on the part of the trust and loan companies in the field of lending for residential purposes. I would remind the House that when this matter was being discussed in the Finance, Trade and Economic Affairs Committee I put on the record some information which had been provided on this point. I said that I think it is of some interest that trust companies have been investing some 71 per cent of their guaranteed trust funds in mortgages. Loan companies have been investing some 81 per cent in mortgages, and in the first nine months of 1969 I am informed that 85 per cent of mortgage loans approved by trust companies were not only in mortgages but in fact in residential mortgages. I went on to say I was also informed that of the three largest trust companies more than 80 per cent of their present mortgage portfolio is in mortgages for residences.

The hon. member for Timiskaming (Mr. Peters) made some reference to the amount required to apply for a charter under the

present legislation for a new trust company. This point I think is dealt with to some extent in the proposed amendments, since they will provide specifically for the first time that there has to be a minimum capital of \$1 million for an application to be considered. I should also like to clarify something else the hon. member said. I think he is mistaken when he suggests there is some limitation in the Bank Act concerning the number of banks which can be created. The Bank Act has no such limitation. One would presume that if one applied for a bank charter and met the requirements of the legislation and of Parliament, he would be in a position to obtain such a charter. The hon. member asked what the trust companies are authorized to do. There was some mention in his remarks about the powers of trust companies. I should also point out that what the trust companies can do happens to be spelled out in a rather detailed way in legislation governing their operations, amendments to which are being studied at this time.

To conclude I should again like to summarize, as I did in the finance committee, the basic purposes of the legislation as a whole which I consider to be primarily the following. First, to create a greater degree of protection for the depositors and investors in federally incorporated and supervised trust companies. I think this will help ensure that situations of the British Mortgage and Prudential Finance type will not take place with regard to institutions under federal charter and supervision. As you will recall, British Mortgage and Prudential Finance fortunately were not under federal charter and supervision. Second, to increase the ability of federally incorporated trust companies and loan companies to compete with other financial institutions, and as a result to help create opportunities to extend and improve the quality and nature of services available to the public from financial institutions generally. Third, to improve the ability of federally incorporated trust companies and loan companies to attract deposits and as a result to have more funds available for what has been their primary lending activity—mortgage lending, including emphasis on lending for residential purposes.

It is with the hope and expectation of accomplishing these purposes that these bills have been presented by the government for the consideration of Parliament and I, therefore, ask the House to reject the amendment and support the third reading of this bill.