

and I was assured that there was no timetable, that the Government wished that every person or organization that had views in respect of this very important piece of legislation should be given an opportunity to present them.

To give the house an indication of the organizations which were concerned about this bill, I will say that the committee heard representations from Industrial Acceptance Corporation Limited, the Canadian Manufacturers' Association, the Association of Canadian Investment Companies, Canadian Pacific Investments Limited, Canadian Pacific Securities Limited, Massey-Ferguson Limited, the Canadian Chamber of Commerce, Molson Industries Limited, the Board of Trade of Metropolitan Toronto, the Federated Council of Sales Finance Companies, George Weston Limited, the Imperial Tobacco Company of Canada Limited, and the Investment Dealers' Association of Canada. In addition, the committee heard Mr. Humphrys, the Superintendent of Insurance, who will be charged with the administration of this bill as and when it becomes law. We also heard the Assistant Deputy Minister of Finance, Mr. Hockin.

The net result was a considerable number of hearings, at which was disclosed a situation which certainly meant that substantial amendment would have to be made to the bill if it were to carry out its original intent.

The real intent of the bill is to close a gap which exists in the present law. The fact that there is a gap, certainly at the provincial end, was indicated, for instance, by the failures of Atlantic Acceptance, Prudential, and Commonwealth Trust, which borrowed money on the security of bonds, debentures, notes, or other evidences of indebtedness, and then invested that money in various ways. What went wrong in Atlantic Acceptance is of course a well-known story. Money was borrowed to a great extent, and supervision was non-existent even though the borrowing was, in many instances, from what we might call sophisticated lenders. There was no supervision in the ordinary way of the investments which were made, as was ultimately established in the loss of substantial amounts of money to the lenders.

The federal authority felt that although these companies that had been involved in this sort of thing were provincial companies, they should tighten up the federal law so as to cover that situation by providing for reporting, inspection and control by registration of this type of company. So this bill S-17 came in.

It was designed, as the Superintendent of Insurance said, to sweep as broadly as possible, so as to gather as much information as possible, even though the result, when that information was assimilated, would be that many of the organizations compelled to report, subject to inspection and all these other things, would ultimately turn out not to be the ones who should be caught, or were intended to be caught, in the reporting procedures of the bill. Therefore, when the matter came before us and all these organizations appeared, this was the burden of their story, why in certain circumstances they should not have to be subject to the reporting procedures.

Let me illustrate that with the example of Massey-Ferguson, who have a substantial world-wide organization, with their holding company at the top. The holding company invests in and holds the shares of all the various subsidiaries, which are the corporate tools through which they carry on their manufacturing operations. That company, in investing in the shares of a subsidiary, and in borrowing money itself to use for that investment or to loan to those subsidiaries, would be subject to the reporting procedures of Bill S-17 as it stood when it came before us. There could not have been a company or situation less intended to be covered by the bill than a situation of that kind. The plan of operations of Massey-Ferguson is a selected method of carrying on commercial manufacturing operations.

When the committee had heard all the witnesses, it appointed a subcommittee, which in due course retained counsel. This subcommittee worked out what it thought would be proper revisions. The Superintendent of Insurance on his own consulted with his minister and his officers and received certain instructions in the light of the information contained in the submissions that had been made. Then the subcommittee and the Superintendent met to exchange their views, and it was surprising to note how close we were in our points of view.

Senator Choquette was kind enough to sit in at one of the meetings of the subcommittee, and I think he can testify that the work was seriously done, that the approach was a sincere and honest approach to get the best possible coverage for this problem without dragging in organizations when no purpose would be served by dragging them in.

Hon. Mr. Martin: The Minister of Finance said so too.