taxation and the amendments to the Canada Corporations Act and as a result the bill was sent to the justice committee toward the end of April. That committee took one look at the bill and must have thrown up its hands in horror. The government was in no great hurry to get the bill through, because it did nothing with the bill. As a result, the bill again died on the Order Paper. It has now come forward again as Bill C-3 with slight modifications, the major one being based on the criticisms of the bill during the debate on second reading last session.

As I have said, the primary purpose of the bill is to try to control the activities of investment companies. It requires auditors to report directly to the government, not to the client. There are also provisions relating to lenders of last resort, who are subjected to the most stringent conditions. The provisions relating to lenders of last resort contained in the Canada Deposit Insurance Corporation Act, as we know from the passage of that legislation some years ago, almost put Shylock in the category of a very kindly old soul. I suggest the conditions laid down in this bill are no better. As matter of fact, this is an attempt to use what I think is an entirely improper vehicle to protect the public from the activities of certain companies which over-extend themselves in regard to the sale of financial paper to people who think that guaranteed investment certificates guarantee repayment, when in fact they are a guarantee of a certain rate of interest that is applied to the particular investment. We have seen a great deal of activity by some of these companies.

• (8:30 p.m.)

This bill purports to deal with certain federal companies. I have very grave doubts—if this is suggested by the minister—that the government will be able to sweep into the net all the sales finance companies operating under provincial charter. This is one matter the minister will have to explain. At the moment I am not satisfied that there is such jurisdiction, and certainly I do not see how the federal authority or the Minister of Finance can touch provincially-incorporated sales finance companies.

If the former minister felt he could not touch trust companies which were engaged in banking activities, and had to set up the Canada Deposit Insurance Corporation in the way he did in order to deal with provincial concerns, I fail to see how the present minister feels he can regulate or control the activities of sales finance companies, at least to be logical in the thinking of the Department of Finance. I maintain, however, that the Minister of Finance was always erroneous in thinking that he did not have control of all those corporations, whether federally or provincially incorporated, which engaged in any of the activities that came under the title of the business of money and banking.

In any event, let us consider what has happened with this bill which started off as Bill S-17. The Senate revisions to Bill S-17 are contained in clauses 1-9, 18-28 and 32-40 in Bill C-3. First of all, there are minor grammatical and phrasing changes for which the Department of Justice has a preference and these have been used in the redrafting of Bill S-17 into what was Bill C-179, now Bill C-3. A number of small, administrative changes are made by the bill but they are of no import.

There is the inclusion of an administrative subclause that was not in the Senate version. I refer to clause 27(3). It is inserted because of the non-Senate sales finance company provisions which have been tacked on to the Senate bill. Remember that Bill S-17 made no reference at all to sales finance companies, and it was only last year that the government felt it had to protect the Canadian ownership of Canadian sales finance companies and suddenly thought it had found a safe harbour. It decided to tack on to this bill certain provisions in order to cover the restrictions on the sale of shares in Canadian sales finance companies. Therefore, I am wondering whether we are not now seeing a rather dubious tail wagging a very sick dog.

Let us consider two further changes and their effect in amending the Senate version of the bill. If we look at clause 2(1)(b) and (E) of Bill S-17, and continued in the Senate revision, we read "instalment sales contracts". In Bill C-3 this has been changed to "conditional sales contracts, accounts receivable, bills of sale, chattel mortgages, bills of exchange and other obligations representing part or all of the sales price of merchandise or services". Secondly, the important exemption clause inserted by the Senate as clause 2(3) in Bill S-17 provided that notwithstanding the provisions of subparagraph (ii) of paragraph (g) the companies set out should be deemed not to be investment companies for the purposes of the act. Bill C-3 has inserted into the provision the qualification, unless the company is incorporated after the coming into force of the act, "primarily for the purpose of carrying on the business of investment." I suppose this might be deemed to be supercaution on the part of the drafters of Bill C-179, now Bill C-3, to ensure that the exemption does not apply to a company incorporated after the coming into force of the act.

Let me come to a much more important reservation. The House will recall that I mentioned that the original form of Bill S-17 gave the Governor in Council power to make regulations. The phraseology was such as to prevent any regulation being considered ultra vires. I recall the great consternation and indignation that arose in the other place in respect of the Governor in Council arrogating unto itself, by that inclusion in the bill, a total exemption and the fact that any regulation that might pass should not even be attacked as being ultra vires. This was something unheard of. To their credit, the members of the other place threw out that provision. However in the redrafting of Bill C-179, and carried into Bill C-3, we find these words in clause 32:

> The Governor in Council may make regulations to ensure the proper carrying out of the provisions of this act.

I intend at the appropriate time in committee to move the deletion of the word "proper" because—I put this question to the members of the House—is it for the Governor in Council, or for the courts, to determine whether a regulation is proper to the carrying out of the act? The Governor in Council has no authority, or should