

*Pioneer Trust*

ernment before the Saskatchewan Government wrote the letter of November 21? In other words, before the provincial Government made its commitment in writing to Pioneer Trust, the commitment contained in the famous letter from the Minister of Finance of Saskatchewan, was the provincial Government in touch with the federal Government at all about Pioneer's situation?

**Mrs. McDougall:** Mr. Chairman, the Superintendent, as a matter of routine, sends monthly reports on certain institutions to provincial Governments. There had been no specific request from the province for additional information and there was no real need to offer any. There was no basis on which we would initiate a contact. The provincial Government dealt directly with Pioneer Trust itself. It was in the same city as Pioneer Trust and dealt directly with the company. There was no reason for the provincial Government to come to us at that stage.

**Mr. de Jong:** Mr. Chairman, was the federal Government ever in communication with the Province of Saskatchewan after the letter was sent and before Pioneer closed its doors? I am referring here to the period of time between November 22 and February 7. We understood from news statements that the Saskatchewan Minister of Finance had difficulty getting a financial statement from Pioneer. Eventually he had to send people from the Saskatchewan Finance Department to look at Pioneer's books. It seems to me that if the provincial Minister had trouble getting a true financial picture from the management of Pioneer Trust, he should at least have gone to the federal Government to ask if it had any more up-to-date information on Pioneer Trust.

**Mrs. McDougall:** Mr. Chairman, the Superintendent of Insurance confirmed with the province that it had agreed with the company to undertake the guarantee of the preferred shares and our assistance was offered through the Superintendent to officials in Saskatchewan. I had one or two informal conversations with the Saskatchewan Minister of Finance. We certainly offered our best assistance, and at that point he did not seem to require any special assistance.

**Mr. de Jong:** Mr. Chairman, this brings me to another point which confused me. When Pioneer closed its doors, the Minister used the figure of \$24 million as being the amount of money in uninsured deposits. News statements from both Regina and Ottawa seemed to indicate that the amount was indeed some \$24 million. In the House today, the Minister mentioned the fact that the figure is closer to \$36 million and we have heard as well from other sources that the figure could be as high as \$40 million.

From where did the initial figure of \$24 million come? Was it the figure supplied to the Minister by her Department? Was it a figure that came from the provincial Government? Where exactly did the figure of \$24 million in uninsured deposits originate?

**Mrs. McDougall:** Mr. Chairman, it was the provincial Government together with the company that was making this

assessment. Our examiners were not present at that time. They went in later to do their own assessment. There was no reason for our examiners to be there when the provincial Government and the company were dealing with each other on the basis of the preferred issue. As the Hon. Member knows, the size of deposits is a movable feast; it changes from day to day. This was the best assessment of what they were.

**Mr. de Jong:** Mr. Chairman, does the Minister know what the amount of uninsured deposits was on December 31?

**Mrs. McDougall:** No, Mr. Chairman, I do not. There was no reason to assume that we would be covering uninsured deposits on December 31. The company had had some liquidity problems that looked as though they could turn into solvency problems, but with the new capital those problems would have been solved. On the understanding that there would be new capital, there was no need to start assessing the deposits.

**Mr. de Jong:** Mr. Chairman, there is no need, then, for a company like Pioneer, when it makes its financial reports to you, to indicate what amount of uninsured deposits and certificates it has? This is not part of the information trust companies are required to report?

**Mrs. McDougall:** Mr. Chairman, in their annual reports to the Canada Deposit Insurance Corporation, that information is listed, but it is not called for on a more regular basis.

**Mr. de Jong:** Mr. Chairman, in other words, we will not know whether the amount of uninsured deposits decreased or increased from December 31 to February 7 or in the period of time about which I am quite concerned of February 4 to February 7? It seems to me that the Saskatchewan Cabinet made the decision not to proceed with the guarantee on February 4 though Pioneer closed its doors on February 7. Is there any way of finding out whether the amount of uninsured deposits decreased or increased in those crucial three days?

**Mrs. McDougall:** Mr. Chairman, the liquidator will be looking at the activities of the company within its last few days. That is part of his role. He will assess any movement that may have occurred into or out of the trust company that was inappropriate or out of line.

● (1530)

**Mr. de Jong:** I wonder as well, Mr. Chairman, if the Minister might comment on some of the statements made by the Minister of Finance of Saskatchewan, particularly on the March 5 CBC program *Venture*. He stated, "The federal Superintendent of Insurance was going to pull the licence out on January 1 unless we gave a guarantee". In other words, the Minister of Finance of Saskatchewan felt that the Superintendent of Insurance had been too harsh with Pioneer and he felt that the federal Government should have eased up a bit. Do you think the federal Superintendent of Insurance was too harsh with Pioneer and perhaps should have given it a few more months to try to find another source of capital?