

Pioneer Trust

ing to the court documents, as of May 10, 1984 it became plain that Pioneer already had some difficulties. One would presume that the Government was aware of Pioneer's difficulties before that date. Otherwise they would not have asked for a special report. Was there any attempt at that time or in the months after May 10 through to the fall, November, 1984, to get into an agency agreement? I recognize that this occurred at a time when the Minister was not the Minister, when the Liberals were in charge, but did the Liberals attempt to get an agency agreement?

Mrs. McDougall: Mr. Chairman, I cannot speak for the Liberals. I know that at that point the Superintendent of Insurance was in touch with the trust company on a continuing basis. There was reason to believe that they would be able to raise some capital. They were looking for capital in the market-place. Whether they looked for an agency agreement or not, I cannot tell the Hon. Member. It was a liquidity problem and they had a need for additional capital.

Mr. de Jong: Mr. Chairman, we note in press clippings, for example, part of the reason why the Saskatchewan Government initially stated it was anxious to support Pioneer Trust. It wanted to be certain there was a financial institution in Saskatchewan essentially owned and controlled by people in Saskatchewan. For example, I have a quote here from the Saskatoon *Star-Phoenix* of January 11, 1985. It quotes Premier Devine as saying: "Then some big dude comes in and says I'll pick it up. Most chances are he would be from Toronto or eastern Canada and we would lose the head office." Does the Minister feel that Saskatchewan's attempt to secure financing within western Canada or within Saskatchewan prevented other financial institutions in other parts of Canada from working out an agency agreement with Pioneer which could have saved Pioneer Trust?

Mrs. McDougall: Mr. Chairman, that is judgment after the fact. I do not have any reason to believe so. Whatever discussions were held between the Province of Saskatchewan and the company I think were appropriately held, from what I can gather. As far as I know, there was no impediment to an agency agreement, but I am not sure if that would have been possible before either. That is why I do not like dealing with that kind of hindsight judgment.

Mr. de Jong: Mr. Chairman, when the Minister took over her responsibilities, there was nothing in the files that would have suggested the previous Minister alerting the provincial Government as to Pioneer's situation or any attempts by other financial interests in other parts of Canada attempting to reach an agency agreement with Pioneer Trust. In other words, the Minister is saying none of this existed in the files when she took over.

Mrs. McDougall: Mr. Chairman, I am saying I have no reason to believe that at the ministerial level there were discussions. My understanding is no, but once again I cannot answer for other people. Whether there was informal contact, I have no way of knowing.

Mr. de Jong: Mr. Chairman, concerning agency agreements and the attempts to secure one for Pioneer Trust, I note that in the Minister's letter to me of March 7 she made mention of the Bank of British Columbia as well. Can the Minister tell us what attempts were made and with what financial institutions? I understand that several financial institutions were approached about trying to achieve an agency agreement and that essentially all of them backed off because they felt, after looking at the books, that there was not much chance of achieving such an agreement. Perhaps the Minister could explain to the committee what attempts were made and what other financial interests were approached to have a look at the books of Pioneer.

● (1520)

Mrs. McDougall: Mr. Chairman, there were two institutions, the Bank of British Columbia and a group out of Winnipeg known as the Can-West group. I think they had a fairly cursory look at the books and that there was an indication by that time that the company's solvency was in such a position that it would have been very difficult to deal on an agency agreement in an appropriate and non-disruptive way.

Mr. de Jong: Mr. Chairman, I note as well that in her statement of February 7 the Minister said that the federal Government and the Government of Saskatchewan had been co-operating and trying to find a solution to Pioneer Trust's problems. Did the Minister mean there that the Bank of British Columbia and the Winnipeg group were the two groups with which the Minister had some involvement in connection with exploring ways of reaching an agency agreement?

Mrs. McDougall: Not precisely, Mr. Chairman. Our role had been to accommodate the financing that was to be guaranteed by the province. Our discussions with the province to that point revolved around its anticipating that it would guarantee a preferred share issue and that that was the proposed solution with which the company seemed happy. That seemed to be an appropriate solution. We were facilitating it through the licence extension until the financing could be completed.

Mr. de Jong: Mr. Chairman, let me get this straight. In other words, because of the commitment made by the Province of Saskatchewan in the letter of November 21, the federal Government essentially felt that there was a solution to Pioneer's problems and no active attempts were made to find an agency agreement because the federal Government thought that the problem was in hand?

Mrs. McDougall: Yes, Mr. Chairman. We had had concerns about the company but those concerns dealt with its capital base. We felt that this was an appropriate route to take. We continued to watch the company on a regular basis and were in touch with the provincial Government from time to time as it attempted to pull the financing together.

Mr. de Jong: Mr. Chairman, I would like to deal briefly with the federal-provincial relations. Did the federal Government offer to share information with the Saskatchewan Gov-