

Investment Companies

every investment company which fails to apply for a certificate of registry within a period of time is guilty of an offence and may be fined up to \$10,000. I agree that a person who makes a false statement from the director's office, a servant or an auditor of an investment company, should be penalized financially or otherwise. There is a general provision that every person who causes or permits to be done any matter, act or thing contrary to any provision of the act, the regulations or any order or requirement of the minister or the superintendent, shall be guilty of an offence. But there is no relief; there is no provision for cases of inadvertence, an act of omission or commission which is committed innocently. In any event, a person who is guilty of such an offence is liable, upon summary conviction, to a fine not exceeding \$5,000.

Such a provision should carry some relief in that a mistake or act committed innocently, contrary to the provisions or regulations, should not be the subject of this type of penalty, particularly when we consider the powers of the minister to make regulations under clause 32. We do not have here the usual type of clause which is provided in government omnibus bills of this kind. Usually the Governor in Council has the authority to make regulations to ensure the proper carrying out of the provisions of an act. We should like an explanation of this change in wording.

There is in clause 27 a very curious provision in respect of detailed reports. The superintendent, after the termination of the fiscal year, shall make a report to the minister in such form as the minister may direct on the administration of this act during that fiscal year. In other words, the Canada Deposit Insurance Corporation shall submit to the superintendent a report, in the form prescribed by the minister, of its operations during the year. A report by that corporation pursuant to the act shall be a sufficient report of the activities of the corporation under the act. The clause states that these activities shall not be reported on by the corporation in its report.

I now refer to the Canada Deposit Insurance Corporation Act. It has reference to the activities of the Canada Deposit Insurance Corporation and provides that the report be made to the Superintendent of Insurance. That is where it stops. There is no provision for the publication of an annual report to Parliament. It is very curious that this should

[Mr. Lambert (Edmonton West).]

be the case, because the provisions of the act allow the corporation to lend up to \$200 million of public funds for the purpose of tiding over one or more sales finance companies. The use of \$200 million is not just an everyday occurrence, yet Parliament is not to know about it. No report is to be made to Parliament under the Canada Deposit Insurance Corporation Act; it merely requires a report to the Superintendent of Insurance.

• (4:40 p.m.)

I would put it to you, Mr. Speaker, that the Superintendent of Insurance does not, then, report to the minister with regard to this provision. If I should be wrong and there will be an ultimate report, I am quite prepared to accept the correction. However, according to the way I read the legislation there is no such provision.

In resumé, let us look at this bill. The Senate made vital changes to the bill. There were certain additions. One was the reduction of the application of the bill by providing an exemption clause in respect of companies which met certain criteria. There was restriction of the government power to enact further legislation by Order in Council. As I said, Bill S-17 as rewritten was passed by the Senate and we now have a new bill. There have been minor grammatical and phrasing changes because the Department of Justice prefers certain grammar and phraseology. There are minor administrative changes. There is the inclusion of one administrative subclause that was not in the Senate bill. I refer to clause 27(3) which is inserted due to the non-Senate, sales finance companies provisions which have been tacked onto the Senate bill.

Somehow or other it seems we had the investment companies coming forward as part of the package of trust companies, loan companies and insurance companies, and suddenly last fall they thought about the sales finance companies. We have the question of trying to withhold changes in ownership. I should point to other things. First of all, there is the system of payment by investment companies for policing whereby each company would be assessed according to its mean assets. There will be difficulty in defining that provision. There will be a difficulty in defining a subsidiary, a firm whose shares are 75 per cent owned by another company. I am satisfied that a subsidiary can be controlled by much less ownership than that. We will see in the committee what the reason is for this 75 per cent.