

*Pioneer Trust*

ration. They have faith in the financiers who make these arrangements, but the point is that they are not worth the paper they are written on. That is what we are saying about this particular Bill at second reading. We are not protecting depositors across the country. They are not receiving the protection which they have come to expect and for which in fact they are paying through the Canada Deposit Insurance Corporation.

● (1240)

If a signal is being sent today, surely it is that we must bring some equal treatment to the matter of "bail-outs" which have now been expanded into the financial community. We became used to the Government deciding which large corporation it would bail out over the years, whether it was Dome Petroleum or Domtar. That tradition continues today: certain firms are bailed out and certain firms are left to the wolves. However, it has now spilled over into the financial community where some trust companies are bailed out and others are not. We see where a western bank got itself into some difficulty, and once again the taxpayers of Canada were called upon to come up with their hard earned tax dollars to bail out a bank in which imprudent loan decisions had obviously been made.

I want to close my remarks so that we can get this matter into committee. There are penetrating questions which must be asked by Hon. Members on all sides of the House. Suffice it to say that I hope the Minister of Finance (Mr. Wilson) has considered the signal very carefully. In the proposal to merge the Inspector General of Banks with the Superintendent of Insurance, the Government, in its cutting and government reduction mentality, should see fit to ensure that individuals with the responsibility of monitoring our federally chartered financial institutions have the mandate and the ability in terms of staff to do the job which Canadians expect of them.

**Mr. David Orlikow (Winnipeg North):** Mr. Speaker, I know there is an agreement to finish this Bill at all stages today. It is important for people who have been badly hurt by what happened with this trust company; they deserve the assistance which the provisions of the Bill will give them.

I think we need to put on the record and to make clear that this was not just some accident. It is not an isolated case. In fact, we have experienced a whole series of similar cases going back many years. I should like to list a few of the more recent ones. In 1982, there was the District Trust case in which \$44 million was paid out; in 1983, there was Crown Trust, \$300 million; in 1983, Greymac Trust, \$138 million; in 1983, Seaway Trust, close to \$300 million; Seaway Mortgage, \$39 million; Greymac Mortgage, \$92 million; Fidelity Trust, \$184 million; and AMIC Mortgage Investment Corporation, almost \$3.5 million. This indicates that we have a very serious problem, a problem which has been known to the provincial and federal Governments at least since 1962 when the Royal Commission on Banking, headed by Professor Porter, looked into the banks and the trust companies. It warned that there were serious deficiencies in the law, in the regulations and the ability of supposed regulatory agencies, both federal and pro-

vincial, to deal with the difficulties which might arise before tragedies happen.

In the case of Pioneer Trust, people bought guaranteed investment certificates with the impression that the Canada Deposit Insurance Corporation guaranteed them. The Company was able to use the seal of the Canada Deposit Insurance Corporation on the documents it gave to these people. It is not surprising that they thought they were protected. This situation was brought to the attention of the House by the Hon. Member for Regina East (Mr. de Jong) and by the Hon. Member for Yorkton-Melville (Mr. Nystrom) over a long period of time.

I hope we are today dealing with the first small step in what needs to be done. We will pass legislation now to compensate people who lost as a result of the mismanagement of Pioneer Trust. However, we have to ask ourselves some questions. How many more situations like this will happen? What is wrong with the laws, federal and provincial? What is wrong with the regulations? What is wrong with the officials who are supposed to do the job of monitoring these matters? Are they remiss? Do they not have legal power and authority, or do they just not have the staff?

I understand the Inspector General had a staff of only seven people. How can we blame the Inspector General even if we had the laws, which we do not, even if we had the regulations, which we do not? How could we expect the Inspector General to do the job of protecting the people of Canada with a staff of seven?

One of my Liberal colleagues from Ontario said earlier that part of the problem was divided jurisdiction. Of course that creates problems, but if the Canada Deposit Insurance Corporation is expected, as it has been, to put up money for the losses, it seems to me that it should not be that difficult for the Government of Canada through the Canada Deposit Insurance Corporation to say to the provinces which issue charters to trust companies that it will not guarantee those trust companies. It should not be difficult for the Government of Canada to say that it will not pay the losses unless they pass legislation giving the provincial organizations which monitor these institutions the power and the ability staff-wise to do so. If we are to have repeated failures in Ontario or in any other province, the federal Government and the Canada Deposit Insurance Corporation have the right and responsibility to say to the Province of Ontario, or to whichever province is involved, that it was to get its act in order or the Government will not bail them out.

The losses which CDIC, the federal Government or the provinces pay in fact come from the people of Canada, either in the form of taxation or, if the banks pay the losses through higher premiums to CDIC, they collect the money in turn from their customers. We are talking about losses which the people of Canada have had to meet amounting to at least \$2 billion. That ought not to have happened, should not happen in the future, and will not happen if the federal and provincial Governments pass legislation to establish the kind of regulatory agencies which are needed.