

Admittedly, as a result of changes in the Income Tax Act, guaranteed income averaging certificates are no longer being issued by trust companies. Nevertheless, I think it is most important that steps be taken to ensure that the public is informed about the limits on deposit insurance on all financial instruments.

As Hon. Members will recall, even before the Pioneer Trust problem I appointed a private sector committee composed of three people, chaired by Robert Wyman of Vancouver, Chairman of Pemberton, Houston and Willoughby Inc., to study and provide me with advice on all aspects of the Canada Deposit Insurance Corporation Act and the operations and organization of the corporation. In the context of the events of the past few months, I have specifically asked the committee for its advice on legislation and other measures that may be desirable to ensure that depositors are adequately informed about the deposit insurance coverage. In the meantime I have also very strongly requested of the board of the Canada Deposit Insurance Corporation that it instruct its member institutions as expeditiously as possible to ensure that depositors are informed about deposit coverage and restrictions.

I am determined to proceed with whatever legislative or administrative measures seem desirable to ensure that depositors are better informed in the future about the limits of deposit insurance coverage. In this context I might mention that three weeks ago I released a discussion paper entitled "The Regulation of Canadian Financial Institutions: Proposals for Discussion". One of the important principles on which this paper is based is improved protection for consumers. This Government is committed to this principle and the paper puts forward a number of proposals aimed at improving the regulatory framework.

The short-term administrative actions that I have described and the proposed revisions of the Canada Deposit Insurance Corporation Act and the financial institutions legislation should ensure that depositors are better protected and informed about what is insured and what is not. However, this provides little comfort to holders of the guaranteed income averaging certificates of Pioneer Trust. As I indicated, these persons, many of whom are elderly and dependent on the certificate payments for their daily living expenses, thought that they were protected by deposit insurance. I have been very disturbed about the circumstances of the some 650 certificate holders of guaranteed income averaging certificates who appear to have good reason to believe that they were insured.

It is my concern about the circumstances surrounding these certificate holders that led me to enter into the recently announced arrangement with the Government of Saskatchewan for a plan to compensate uninsured depositors and to propose the legislation that is the subject of discussion today. The objective of the legislation is to authorize me to enter into arrangements to continue the existing payments to holders of uninsured guaranteed income averaging certificates up to a limit of \$60,000 that would have been applied had the certificates been insured. In other words, my objective is to provide a federal contribution to the plan to compensate Pioneer Trust

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uninsured depositors in an amount necessary to put the certificate holders in a position that they thought they were in, namely, protected up to the \$60,000 deposit insurance limit. The Government of Saskatchewan has undertaken to assure the liability to make payments required by the original guaranteed income averaging certificates for amounts in excess of \$60,000.

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In addition, the Government of Saskatchewan has also undertaken to compensate with accrued interest to the liquidation date depositors with U.S. dollar accounts and all depositors who had amounts in excess of \$60,000 on deposit in savings accounts, chequing accounts, guaranteed investment certificates and RRSP funds. The Bill asks for an appropriation of \$5 million. My officials are satisfied that this amount, together with the amounts to be contributed by the Government of Saskatchewan and the amounts expected to be recovered from the liquidator, should be sufficient to enable the payments promised in the guaranteed income averaging certificates to be continued. In fact, depending on the distribution that the court-appointed liquidator of Pioneer Trust is able to make, the cost to the federal Government hopefully may be less than \$5 million.

If this legislation is passed, the intention is to make arrangements as quickly as possible with another financial institution to start making the payments due and outstanding under the guaranteed income averaging certificates so as to prevent any tax disadvantage to the certificate holders. The plan is to continue the contractual periodic payment rather than pay the holders a lump sum payment.

The Government of Saskatchewan will be making arrangements to have lump sum payments made to U.S. dollar depositors and to depositors who have more than \$60,000 on deposit in the form of chequing accounts, savings accounts, GICs and insured RRSPs. All depositors will be required to assign their claims in consideration for the payment.

Given the circumstances I have described, I think it is reasonable that the Government of Canada take action to see that the holders of guaranteed income averaging annuity certificates are in the position that they had every reason to believe they were in, namely that they are protected to the extent of the \$60,000 limit. As I have mentioned, this is part of a plan that will involve the Government of Saskatchewan compensating all other uninsured depositors, including those with deposits in excess of the insured limit. I am, therefore, recommending passage of this Bill.

Our Progressive Conservative Government is committed to responsible management of the affairs of this nation. The Bill before this House demonstrates in no uncertain terms that we accept that responsibility to ensure that our citizens are protected while at the same time we proceed with reforms to bring our financial institutions regulations in tune with the realities of the 1980s.

It is my intention to have as broad a public discussion on that topic as possible and to ensure that the Canadian people