such a vacuum. Many investors have suffered losses and, on occasion, confidence in the stability of our financial institutions has been shaken.

In the committee hearings in the other place the Superintendent of Insurance candidly admitted that no federally-incorporated company of the provincially-incorporated Prudential and Atlantic Acceptance type had ever been in difficulties to his knowledge. In other words, this was a bill, presumably, to ensure that the sun would rise tomorrow somewhere in Canada. The superintendent also admitted that the scope of the definition of "investment company" went so far beyond the ordinary meaning of those words that all companies federally-incorporated, with certain exceptions, would be included.

I am told the bill originated with the idea that certain amendments should be made to acts dealing with trust companies, loan companies, insurance companies and investment companies. We were told by the Minister of Finance in a speech delivered on May 26, 1969, to the Canadian Life Insurance Association at the Seigniory Club, Quebec, that the philosophy behind this legislation was the protection of the public. Financial institutions and the services they provide are undergoing new developments, the minister said. These changes carry risks and dangers to the public. The new difficulties and dangers magnify government problems in attempting by legislation to give the public the protection it needs. The government, he went on, must have a tool to apply necessary compulsion upon management where the safety of the public is threatened, a tool to correct or clear up difficult situations which would otherwise be damaging to the public and to a whole industry.

Let us see what the minister had to say later in that speech. What we heard on that occasion, I suppose, was a statement of government policy and an attempt to equate that policy with the protection of the public as being the common denominator of the various bills before Parliament, including the one now under discussion. Other bills were before the finance committee at that time. The minister said:

> The proposed Investment Companies Act now before Parliament is intended to complete the general pattern of supervision of financial institutions. It would establish a system of reporting and inspection applicable to those companies (not otherwise supervised) which borrow funds from the public and use these funds, to an important degree, for investment in other enterprises. A wide variety exists in this area, although the principal definable group are the sales finance companies.

[Mr. Lambert (Edmonton West).]

• (4:20 p.m.)

The bill before us is a complicated one. It defines what is an investment company and, for that matter, what is not an investment company. There are also provisions for applying the legislation. The minister made it quite clear that the bill deals with federally-incorporated investment companies and none other. Certain companies that will be incorporated after the coming into force of the act, primarily for the purpose of carrying on the business of investment, are exempted from the terms of the act.

On going through the bill we see that certain statements have to be made to the Superintendent of Insurance by companies. There are certain requirements as to auditors. The auditors may also be required to make special statements, not to the shareholders of a company but directly to the minister or to the superintendent.

Provision is made for the appointment of examiners who may enter the premises of any company at what is described as a reasonable time, in order to examine the books. Strangely enough, in this regard the government is not giving these examiners the power to seize the company's books, as they have in the case of examiners and inspectors who are appointed by other legislation that came before the House this session and last session. In fact, the bill provides that examiners shall have a certificate of identity, something that examiners appointed under the atuomobile safety regulations are not required to possess.

As the minister has indicated, certain types of loans are prohibited. I think the basic intent of this provision is good. However, I should have thought the government would have been further ahead if it had listened to the advice given it when the Bank Act was being revised in 1966 and 1967 and if it had followed the recommendations of the Porter Commission on Banking, that such companies be placed under federal jurisdiction. We know that a great number of companies are carrying on business under provincial charter, and these are the companies that have been causing difficulty.

If one of the activities of such companies is the carrying on of some form of banking—and some of these concerns do actually receive deposits from investors—why should they not be brought within the provisions of a general Bank Act, instead of being subject to provisions that relate to chartered banks? If that were the case, there would be appropriate supervision of these companies.