

*Trust Companies*

The mandate of the Wyman Committee comes immediately to my mind when I think of the work that has to be done before we can decide how we should deal with the closing down of the operation of a trust company.

The role of the Canada Deposit Insurance Corporation in the case of Pioneer Trust, as in other cases that have come up, is important for depositors. We should not legislate without knowing about the findings of the important Wyman Committee. Under the circumstances, I really wonder if it is in order to discuss the motion tabled in this House this afternoon. This motion provides for a partial approach which, in my view, is not advisable in principle. We know there will be other opportunities to look at the over-all problem, but it is not obvious nor is it substantiated that the amendment proposed is absolutely vital. The odds are very slight indeed that the chances to look at the over-all situation will be postponed indefinitely. We are therefore not as receptive to this proposal as we might be under different circumstances. We honestly do not expect a large number of such companies to go down. Having said this, we do not see why an examination of the details of this proposal by the House should be a matter of such urgency.

In closing, Mr. Speaker, I want to point out that we sympathize greatly with those who may have suffered financial losses because of this unfortunate situation. I hope that when all assets have been realized, those who have deposits or parts of deposits not yet insured will be able to recover most of their money. We also hope that there is no doubt in the minds of investors about the absolute honesty of our trust companies and other financial institutions.

It might be true that we have witnessed the disappearance of a number of trust companies in rather suspicious circumstances these last few years. However, we are certain that most Canadian financial institutions are quite healthy. The evidence available to us suggests that the Federal Superintendent of Insurance and our officials will do their best to guarantee that present regulations are strictly observed, certainly in the interests of the financial sector, but also in the interests of all Canadians involved. We are therefore convinced that it is preferable to try to improve the regulatory system applicable to these institutions so that there will be no need to determine what action should be taken in any future regrettable situation like that of Pioneer. We therefore believe that, without adding to the already heavy regulatory burden imposed on our financial institutions, it will be possible to eliminate any remaining uncertainties and to state that depositors will continue to be well-served by existing mechanisms designed to protect their interests.

● (1630)

[English]

**Mr. Don Boudria (Glengarry-Prescott-Russell):** Mr. Speaker, I did not intend to speak to the motion this afternoon but after listening to the debate, I had a certain feeling of *déjà vu*, having sat in the Ontario Legislature at the time of the demise of Crown, Greymac and Seaway trust companies. I was listening more particularly to the last words of the Parliamentary Secretary—

[Translation]

—when he said: “We do not foresee that many trust companies will go down.” I found these comments quite interesting, Mr. Speaker, because I used to sit opposite people who made similar comments in Ontario.

[English]

We can all recall, after the Astra and Re-Mor companies folded in the Province of Ontario, that the government Members stood proudly in their places in the Ontario House and said that never again shall such a thing happen in the Province of Ontario. Some three or four years later, the greatest financial collapse in the history of our country took place with the fall of Crown Trust, Greymac and Seaway trust companies.

We still do not know how much the fall of these three trust companies in Ontario will cost the Canadian Deposit Insurance Corporation. That cost will ultimately go to the taxpayers of this country. The fact is that the premiums for the CDIC are a tax because most people use banking facilities of some sort. When people use banking facilities, they pay the CDIC premiums, and when a trust company or financial institution collapses, those funds are required in order to either bail out the company or pay a certain amount to the depositors in those trust companies. Of course, the premiums will have to be raised in order to replenish that pool of funds and, as far as I am concerned, it has the same effect as a tax. Because I view this as a tax measure, I believe that a public inquiry certainly would be in order.

Let me return to the fall of the Ontario companies. I recall meeting with some of the preferred shareholders of the trust companies. I recognize that depositors and preferred shareholders are not the same, but it is not always apparent to people who are depositing their money in a financial institution.

For example, if a farmer who wants to put away his funds after selling his farm walks into a financial institution which has a CDIC logo on the door, he would assume that the money would be safe. One of the Crown Trust preferred shareholders who was at Queen's Park was a gentleman who had sold his farm a number of years ago. He had deposited his money in another institution which had collapsed. I believe it was Astra Trust. He had managed to salvage approximately \$100,000 from his investment of some \$500,000.

Of course, this gentleman had vowed that he would never again make the mistake of putting his money into something that was unsure. Therefore, he went to Crown Trust Company, which had the reputation of being a stable trust company, and put his money into preferred shares of Crown Trust Company. It seemed there was no better investment than that and no way a person could go wrong by putting his money into Crown Trust. This gentleman had purchased preferred shares because it was more advantageous than simply depositing the money into an account. In view of the stability of the company and the fact that it was one of the largest companies in the