

Trust Companies Act

• (3:00 p.m.)

[English]

GOVERNMENT ORDERS

TRUST COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, OPERATION AND ADMINISTRATION

Hon. Herb Gray (for the Minister of Finance) moved that Bill S-8, to amend the Trust Companies Act, as reported (with an amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion agreed to.

Mr. Gray (for the Minister of Finance) moved that the bill be read the third time and do pass.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my remarks will be very brief at this stage. The committee considered the amendment proposed by the government at some length. We heard from the Superintendent of Insurance who has responsibility for the surveillance of this Act. The committee as a whole was satisfied with the proposal. The companies affected by this proposal were represented before the committee and their representatives indicated their satisfaction with the legislation. As far as the official opposition is concerned, we are generally satisfied with this amendment.

There is yet, shall we say, one point that gives me some concern. That appears to be the degree of competition between the trust companies and banks with regard to the rates of interest they will pay on savings of the public. I think this gives us all a degree of worry. Certainly, the committee was concerned about the question of interest rates and their effect on inflation. I see that two provincially incorporated trust companies this very week have again raised their interest rates on long-term certificates. It would seem to me they are engaging in a nonsensical race, because if it is a case of one side moving up merely to pay more money to the depositors and then turning around and charging higher rates of interest to the borrowers because they have had to pay higher rates to the lenders to the trust companies, then this is merely a case of running around in a circle like a dog chasing its own tail. I think the House generally must watch this point very carefully.

We have no power now to impose restrictions upon these companies. There is no statutory power at the present time or any body to check on these interest rates, but I should like to make this observation at this time because interest rates were raised just when we were considering this legislation. I believe one or two of my colleagues may have some brief remarks to make with regard to this bill. I, personally, have no other objection to these finance bills which are going through. Mind you, there are a number of the provisions which really have no great application. The trust companies have no objection to them. Four bills are coming forward in a parallel stream. I do not know why it was felt that all the amendments had to be applied to all of these Acts. Personally, I am not persuaded about this, but in any event I do not know that there will be any great damage or any great profit from this. We do not know. I think experience will have to tell us. We will have to check with the Superintendent of Insurance as the experience develops under these amendments.

Mr. Max Saltsman (Waterloo): Mr. Speaker, I should like to ask this House not to pass Bill S-8 and in order to assist the House I wish to move an amendment seconded by Mr. Knowles (Winnipeg North Centre). I move:

That the word "now" be left out, and that the words "this day six months hence" be added at the end of the question.

I should also like to ask my friend, the hon. member for Edmonton West (Mr. Lambert), to support this amendment, particularly in the light of the words he used in describing what is going on now in respect of the trust companies. I think his words were "a nonsensical race".

Mr. Lambert (Edmonton West): But this will not affect it one way or the other.

Mr. Saltsman: Mr. Speaker, if this bill passes this entire process will be accelerated because one purpose of the bill is to give additional powers to the trust companies to attract to themselves more funds with the same amount of capitalization. If the hon. member for Edmonton West thinks the race is now nonsensical, wait until the legislation is passed and the trust companies start competing for money with the other institutions. The interest rates of these companies will rise and I submit the effect of this can be nothing but ill because it will cause interest rates generally in Canada to rise very substantially.