

Trust Companies

effectively less costly than bluntly putting the troubled company into liquidation and partially paying off all depositors immediately only to the extent of the \$60,000 coverage.

In the case of Pioneer, the particular circumstances were such that the Canada Deposit Insurance Corporation came to the conclusion that it would be less costly if Pioneer were put into liquidation and the depositors were paid off immediately up to the insurance coverage. In the face of this conclusion, Canada Deposit Insurance Corporation had no option but to proceed in this justifiable manner.

I have only highlighted the most important facts, Mr. Speaker, all of which are public knowledge now. These related facts appeared in the press all over Canada. I am led to believe that these articles are based on the affidavit filed in court during the court proceedings and that these facts, which are now available, demonstrate that the Government acted in the best interests of all Canadians and has not tried to conceal anything.

The Minister of State for Finance said in the House on February 12, which citations can be found on pages 2290 and 2291 of *Hansard*, that she was strongly convinced that a public inquiry was not essential at that time. No additional information has been brought forward to this date by the Hon. Member for Regina East (Mr. de Jong), or any others, to indicate that the situation has changed in any substantial way. More information may have been made public since that time, but none of it implies that a public inquiry is required.

We have noticed, with regrettable concern, certain tendencies in discussions pertaining to Pioneer Trust to intimate that the West would not be compensated as fairly as eastern depositors were in previous allegedly similar cases. As an MP from the east—and I am sure you do not doubt it from my accent—I want to emphasize in the strongest possible terms my deep concern for the affairs of the West as for those of any other part of Canada.

Here it is instructive to note that in the case of Fidelity Trust, for example, a company with its head office in Edmonton and with only two offices east of the Manitoba-Ontario border, the then western depositors detained two-thirds of the total outstanding deposits. We would also remind all Hon. Members that in Ontario in the Astra-Remor case, a situation similar to this, there was no federal investment in the payment to the uninsured depositors.

The Canada Deposit Insurance Corporation's decision to guarantee deposits in excess of the insurance coverage in the failure of Fidelity Trust, as well as the Crown, Seaway and Greymac companies was made because the corporation believed it would be less costly to guarantee all deposits and let the company run its business in an orderly manner, than to force the companies into liquidation and hastily pay off all depositors to the insured limit.

In the case of Pioneer Trust Company, as I have already mentioned, on February 7, 1985 the Minister of Finance for the Province of Saskatchewan announced that the Government

of Saskatchewan had decided not to proceed with the guarantee of a preferred share offering. This provincial decision was communicated to the company and, as a result, senior management at Pioneer Trust took the further step of ordering that the trust company's offices be closed as of 4 p.m. They deliberately closed their own door.

[Translation]

As Members of the House, we ought to know that other measures can be taken to respond to public concern, and it is up to us as Members to take the most important of those measures. On similar occasions in the past, we were able to discuss issues with the Superintendent of Insurance when the standing committee considered his estimates. I am sure that the federal Superintendent of Insurance would gladly accept any invitation to address the committee members. It would be the best way to deal with the case mentioned in the motion. Naturally, there being no new and obvious facts indicating that the measures taken are not in the public interest, there is no point in blowing the situation out of all proportion, as would undoubtedly be the case as a result of an inquiry now deemed unnecessary in light of the facts uncovered at this time.

Now I would like to deal with the wider aspect of the motion under study. As a general policy, we are being asked to endorse the principle of a public inquiry in each and every case of trust company collapse. In his motion, the Hon. Member advocates that such an inquiry first be made through an administrative decision, then by means of an amendment to the Trust Companies Act. In my humble opinion, this suggestion does not take into consideration the normal evolution of financial institutions. For instance, I am wondering whether Members of the Opposition realize that, even if Parliament were to pass such legislation, it would not necessarily cover the operations of all similar companies. It is definitely obvious that this vague motion does not seem to take that factor into account.

The Hon. Member for Regina East (Mr. de Jong) is no doubt aware that jurisdiction over trust companies is broadly shared. While nearly two-thirds of corporate assets are held by companies under federal jurisdiction, close to a third are not. For this reason the legislation would not apply in a number of cases and would therefore be useless. Besides, even though the motion now before us deals mainly with trust companies, numerous other types of financial institutions are just as exposed to the negative impact of economic conditions. We therefore do not believe it would be appropriate or fair to impose that extra degree of control on only one type of institution.

In fact, in our approach we must recognize that it is not proper to deal selectively with certain types of institutions in that financial area. There must be consultation with the industry involved and the provinces. We must wait for the results of studies now being made concerning various aspects of the legislation as it applies to financial institutions. By that I mean all financial institutions, rather than one specific group.