

Investment Companies Bill

the approval of the minister will report to the government and not to their clients, the finance companies which are paying them. This, of course, is consistent with the practice extant under the Bank Act. In section 63(8) of that act, as well as in other acts, this procedure has been adopted in dealing with key financial institutions.

The hon. member has applied such terminology as "Shylock-type of terms" and "parsimonious conditions" to the Crown's position as lender of last resort under the proposed legislation. Mr. Speaker, the Crown's position in this area is precisely that of lender of last resort. It is in no way attempting to compete with more conventional or usual sources of financing for this type of company. The legislation is deliberately drafted in such a way that recourse to the treasury for financial support will indeed be a last resort. We are not inviting them to come to us, but we are saying that if we ask them to remain Canadian-owned finance companies we have an obligation to offer them an ultimate source of financing if all else fails.

• (9:00 p.m.)

We cannot ask the owners of these companies to commit themselves to continuing to retain the companies in Canadian hands without, at the same time, offering them a market of which they can avail themselves should other sources of financing fail. So I reject very definitely the rather colourful language of the hon. member for Edmonton West. Nothing is built into the provisions dealing with lender of last resort other than a very distinct bias to discourage companies from availing themselves of it.

The hon. member raised a question about the provision in clause 32 of the bill under which the Governor in Council will make regulations to ensure the proper carrying out of the provisions of the act. I am not entirely sure of his objection to that particular provision. There is certainly no suggestion in the provision that Parliament or the Governor in Council is usurping the proper function of the courts in determining the legality of the regulations. However, the provision is essentially the same as that which appeared in clause 21 of original Bill S-17. Again, this is an area in respect of which I must reject any suggestion of unusual conduct on the part of the government.

The hon. member made a great deal of the point that the services provided under this act by the Superintendent of Insurance would be paid for by the industries concerned. This, again, is consistent in principle with the practice followed in relation to the supervision of insurance companies, the supervision of trust companies, the supervision of loan companies and the supervision of banks. It seems rather mysterious to me that the hon. member should choose to make an exception in the case of finance companies. In all cases which I have cited, the expenses incurred in carrying out the supervisory functions are assessed against the companies concerned. The government, in proposing the bill in this particular fashion, intends to treat these organizations consistently with other financial organizations.

The hon. member also made much of the proposition that the Canada Deposit Insurance Corporation was being

used as a lender of last resort. The bill makes it very clear that the Canada Deposit Insurance Corporation is to treat its operations under this act as entirely separate from its other functions. We have a situation here where we have an appropriate agency under the government which can deal with the matter in question, and certainly it is proposed that it do so. There is no conflict of interest, nor is there any dilution of the funds for which the Canada Development Insurance Corporation was created, or any threat to its other activities. This is a separate and entirely distinct operation which it will be conducting. It is an appropriate agency and, indeed, I think a rather practical and economical use of existing facilities by the Crown.

Finally, the hon. member suggested that the Superintendent of Insurance will be in a position of having a conflict of interest under the bill because on the one hand he will be supervising other financial agencies and institutions and regulating finance companies, and in another function he will be the man to whom they will apply for loans of last resort. Again, I reject entirely the proposition that the Superintendent of Insurance will be in an invidious position in this regard.

The hon. member has raised very interesting problems. They are certainly problems that the committee, on which he and I have served for a period of time in rather onerous circumstances, will have the opportunity to explore. I know that I, and I am sure the government, value the opinions and suggestions of the hon. member. We will await with considerable interest the opportunity in committee to explore the propositions that he has put forward. However, it has been said before that this bill is before Parliament for the third time. It is a very important area of financial activity in Canada which I can say, without going into the lurid and well-publicized details, is demonstrably in great need of regulation and of responsible control. I would urge the House, as soon as the procedural problems are disposed of, to very quickly refer the bill to the Standing Committee on Finance, Trade and Economic Affairs for its detailed study and report.

Mr. Benson: Mr. Speaker, I move that we adjourn the debate until later this day, and proceed with the next order of business.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a minor point of order. Since the minister has already spoken, should not someone else move the adjournment of the debate?

Mr. Deputy Speaker: The hon. member has a good point.

Mr. Greene: In response to my hon. friend's suggestion, I am pleased to move the adjournment of the debate until later this date.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Motion agreed to.

[Mr. Mahoney.]