

Pioneer Trust

deposit in American funds, which are not covered by this particular Bill before us, yet he was never told that this \$50,000 deposit was not covered. So this person who was hoping to open a small business had been caught and has lost the major part of \$50,000. Was the Minister aware of these problems when the Bill was introduced?

Mrs. McDougall: Yes, Mr. Chairman. The Province of Saskatchewan is covering all those accounts.

Mr. Riis: So this individual will be covered by the Saskatchewan contribution in this process? Thank you.

When the decision to proceed with this Bill was introduced, I had some discussions with people from what used to be called Western Capital Trust in British Columbia. They asked why we were introducing legislation to use taxpayers money to compensate those people whose deposits were not protected when, at the time Western Capital Trust got in some difficulty in British Columbia, in their estimation there was little encouragement or assistance. There seemed to be, in their minds, at least, a bias in how the Government approached this.

Mrs. McDougall: Mr. Chairman, as I understand it, there are no income averaging annuities in Western Capital Trust so there are no people there who lost everything. My concern was for retired farmers who had lost everything. The CDIC has to stand on its own to some extent. I felt this was an anomaly because people who had retired had their life savings, their retirement income, everything at risk. I felt that since I am responsible for the CDIC, it was my responsibility to do something about that. I am not happy about it and you will see that I am doing it outside the CDIC; I regard this as an obligation of the Government. But it is on that basis that I was prepared to support this.

Obviously you cannot go through, one, two, three, four, and say you lost all your life savings, but you did not because you have an account somewhere else. So we decided that we would protect a group which had been confused and had the most to lose. I am unhappy that that is what the institution did and I intend to change it in the future. I think the deposit insurance system should work on its own to the extent it is legislated to work, and that is the objective I am working towards.

Mr. Riis: To continue from the point the Minister was just making, there appears to be some confusion now in the financial community. The Government appears to be willing to come to the assistance of certain trust companies. I mention Greymac again because it is such a famous example. We are now introducing special legislation to deal with some very special problems associated with Pioneer Trust. Many people in the financial community are asking if it is a pattern. If we are unfortunate enough to have financial institutions fail in the months and years ahead, which is a possibility given the difficult times, which firms are going to get assistance and which are not? There seems to be some confusion in the community. Could the Minister say something which might provide some direction or ease that confusion?

• (1550)

Mrs. McDougall: I do not know whether or not I can ease the confusion. I have been in the financial business all my life. I am not enchanted at being in the position of bailing out financial institutions. I believe that we should have had legislation on financial institutions and on the Canada Deposit Insurance Corporation a long time ago. I wrote my first paper in the private sector on financial institutions 10 years ago. That is why I have asked a private sector group to study the CDIC. We will have that report shortly. That is why I produced the green paper on financial institutions. I made it a real priority, as did the Government, to provide a better legislative framework, stronger supervisory and regulatory authority, and a framework in which we have an even hand through the system. I am very anxious to do that.

Mr. Gauthier: Mr. Chairman, I would like to congratulate the Minister on those words of encouragement for consumers and depositors and on her undertaking to better protect people and better inform them as to what is and what is not insured. I think that is a step in the right direction.

There is some confusion. Possibly I should not be admitting this, but I would like to understand a few points. We were told that about \$36 million is outstanding in terms of uninsured deposits. Of that, \$24 million will be recovered by the liquidation of the assets of Pioneer Trust. Is that exact?

Mrs. McDougall: I do not have the precise figure. One reason that the figures are not terribly precise is that we can estimate that the uninsured deposits amount to \$36 million. The return on the liquidation of the assets is something that we can only guess at that will come back to cover whatever deposits are paid off.

Mr. Gauthier: I take it that the liquidator will table a report with the Minister and make public certain documents. Will the Minister make an undertaking today to make these documents public so that we can at least have an idea of what was there?

Mrs. McDougall: The liquidator does not report to me, he reports to the court. Therefore, it will be a public document. It is not there yet, but it will be.

Mr. Gauthier: It would still be a public document if it were reported to the Minister.

Let us assume that there is \$24 million in assets that can be recovered. There is \$1 million left. The Minister is looking for authorization to transfer \$5 million to the Consolidated Revenue Fund to cover our part of the deal with the Saskatchewan Government. I understand also that we may not go up to the maximum of \$5 million, depending upon how much there is outstanding. Is the Saskatchewan Legislature studying the same legislation simultaneously with us?

Mrs. McDougall: It is producing legislation. I do not know whether it is simultaneous or not. I do not believe so. I do not know what its timing is.