

Trust Companies

I hope the Government and government Members will not talk out this Private Member's motion, Mr. Speaker, that indeed they will recognize that a serious problem exists concerning trust companies, not only with Pioneer but with many others. I hope they will recognize it is high time that a public inquiry system were instituted.

I have written to the Minister of State for Finance, and it is unfortunate that she is not in the House today to participate in this debate. We have all known since early last week that we would be debating my motion this Friday afternoon. But I have written to the Minister suggesting that a public inquiry be held. I have raised with her in my correspondence many questions similar to these and I hope she will answer some of them and that other answers will come in a public inquiry.

Again, for the sake of Canadian taxpayers, Canadian investors and Canadian depositors, I hope this Government will act and that we will have a full and public inquiry not only into Pioneer but into all of the regulations governing trust companies in this country.

[Translation]

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I am sorry to hear that the Hon. Member for Regina East (Mr. de Jong) regrets the absence of my Minister of State for Finance (Mrs. McDougall), but I will try to stand in for the Minister to the best of my ability, and I welcome this opportunity to speak to the motion moved by the Member for Regina East. I am aware that the Hon. Member has already raised other aspects of the matter during this session, and we want to congratulate him on this thoroughness in seeking to have the issues raised by the closing of Pioneer Trust Company fully taken into consideration.

However, we must point out from the outset that we do not agree with the desired impact of this motion. We must make a distinction between the two proposals made in the motion as it stands. The motion proposes that a public inquiry should be conducted in all cases where trust companies go bankrupt. The second proposal is very specific, namely that an inquiry be ordered into the particular case of Pioneer Trust. In both cases, however, I think the approach proposed by the Hon. Member is not suitable in the present circumstances.

As far as this particular case is concerned, I assume the Minister of State for Finance has sent the Opposition Member a number of replies to questions he has already raised. Neither the Minister of State for Finance nor the other parties concerned have been reluctant to publish or disclose any relevant information. We must therefore conclude that the public's need to know has been amply satisfied. It is a fact that the media have fully and extensively covered the matter, and in articles published before and after this very debatable motion was put on the *Order Paper* they described clearly and in great detail the entire sequence of events.

In the circumstances, however, it would be preferable to take the time to recapitulate briefly what happened in this case. It will then be abundantly clear that the Government has been entirely open about the matter and that the other parties

certainly did not cover anything up. Obviously, I am not in a position to obtain information that is not available to the general public, so that there will be nothing new in what I will have to say here in the House.

In May 1984, a report was sent to then Minister of Finance.

[English]

Officials of the federal department of insurance have undertaken a thorough study of the situation of Pioneer Trust and reported at that time that there was cause for certain concern as to the company's financial situation. In accordance with the law and the provisions for trust companies, this company was invited to respond and effectively did so at a hearing in June. After due consideration, the company's license was renewed in August, but subject to a number of specific conditions and a properly calibrated reduction in its authorized borrowing ratio. In accordance with the said legislation, the company was given up to December 31 of last year to comply with this reduction in its newly authorized borrowing ratio. In the meantime, between May and December, the department of insurance continued its investigations, and by November it became apparent that the company would not be able to comply with the directives without a substantial injection of capital.

● (1620)

When pressed for additional capital, officials of this company informed federal officials of their intention to arrange for that issue of cumulative redeemable and retractable preferred shares which would be guaranteed by the Government of Saskatchewan. When it became clear that the Government of Saskatchewan had decided not to proceed with this guarantee, the managers of Pioneer Trust themselves realized that the conditions for continuing its operations had not been met and they closed down the company's operations.

As soon as she was instructed of such a situation, the Minister of State for Finance (Mrs. McDougall) and the Superintendent of Insurance moved at once to protect the interests of all concerned by taking absolute and immediate control of the assets of this company. Subsequent proper legal proceedings have left matters in the hands of a court appointed receiver. Canada Deposit Insurance Corporation has taken action duly to pay off insured depositors within the deposit insurance legal limit of \$60,000.

Questions have been raised as to why the Canada Deposit Insurance Corporation has not made arrangements to pay off all deposits of all depositors, irrespective of the \$60,000 insurance coverage, as was done in connection with the Crown Trust and Fidelity Trust affairs. The provisions of the Canada Deposit Insurance Corporation Act are such that this government agency has the authority to enter into the type of global arrangements that applied in similar situations only if it is convinced that allowing a troubled company to run its business in such orderly manner, with sufficient support from this agency to enable all depositors to be paid in full, would be