

Financial Institutions

will follow the outlines of the draft released in December, 1987. On that basis, the Government is clearly moving effectively to deal with potential problems.

The legislation will give the Government the power to make regulations imposing terms and conditions with respect to the potentially confusing activities of member institutions which are linked to non-members, and which offer a variety of services, some of which are insured deposits and some are investments. I think it is good news, and very appropriate, that the Government is also working with the insurance industry to arrive at an acceptable way of dealing with some deposit-like instruments. In effect, we want to find a way of ensuring CDIC-like coverage for policy holders in both sectors of the industry.

I have been assured that the two plans, one for the life and health companies and one for the property and casualty companies, should be in operation by the end of 1988 or the beginning of 1989. That leads me back to a key element in any further progress, the co-operation of both the federal and the provincial Governments. The need for co-ordination is one of the most pressing issues facing the sector, I believe, once the reform package is in place. Confusion is the only result when authorities with shared jurisdictions cannot get together, and these days that is often the case.

Happily we know that under the present administration consultation and co-operation with the provinces is a very high priority. In this field, particularly, Ministers responsible for financial institutions have already spent a lot of time over a number of years looking at some of the problems faced by the sector. Over time, I believe we will reach appropriate solutions.

In closing, I want to congratulate the Government on its concern for customer protection in the financial sector. Its actions and proposals will go a long way to ensure that everyone has the proper information and can make decisions without confusion. No doubt there can be improvements. I do not know of a perfect system anywhere. However, I do not think there is the kind of urgency for further change that lies behind Motion No. 143. I believe customers are already well protected and that the Government is taking appropriate action to extend that protection even further.

Mr. Simon de Jong (Regina East): Madam Speaker, I wish as well to join in the debate on Motion No. 143. As opposed to the previous speaker on the government side, I do not feel the Government has done enough to protect investors, particularly, depositors. When it comes to co-operation with the provinces, I wish as well to show that the federal Government and its agency, the CDIC, has not co-operated at all with an attempt by an inquiry in Alberta to determine exactly why Principal Trust went under.

I became quite concerned about the collapse of the groups under Principal Trust when a fair number of my constituents wrote to me expressing their concerns. Many of them were not sophisticated investors but had put their life savings, the money they had saved all of their lives, as much as \$30,000 and \$40,000, into these companies. They were assured over and over again that their deposits were insured. I attended a mass meeting in Regina and later on talked to people who

considered themselves to be sophisticated investors. They too were fooled. They too had been given the assurance that their deposits would indeed be protected. I would like to read from a letter I received from George Mertler of Regina. It reads:

I am 65 years of age. I have been putting my RRSPs in with them for the last 20 some years.

He is referring to the Principal Trust in Regina.

Up to date I have about \$40,000 the last few years. The sales people at Principal have talked me into investing into Associate Investors and First Investors Alberta companies. They assured me that these companies were safe as they were covered by the Alberta investment contract and assets equal to their liability placed in a Canadian chartered bank.

I could read several other letters, Madam Speaker. I have been on my feet in this House on numerous occasions. When the Government called us back in the middle of the summer I took the opportunity during Question Period to ask the Minister of State for Finance (Mr. Hockin) and the Minister of Consumer and Corporate Affairs (Mr. Andre) if there would be any federal investigation. At that time I was told, no, it was not necessary because the Alberta Government had already instigated an investigation. On August 12, 1987, the Minister stated: "The Minister of Consumer and Corporate Affairs and I will be meeting on this matter this week. Our response will be made known to the House very shortly". I am still waiting for their response.

The Minister of Consumer and Corporate Affairs assured me on August 26, when asked when the Department of Consumer and Corporate Affairs would complete its investigation in terms of misrepresentation, that it had indicated two or three weeks previously that it was expecting it to be done by the end of August, and that it will or will not make recommendations to the Attorney General based on that investigation. Well, we are still waiting for that Department to decide whether or not it would recommend laying criminal charges.

Last month, again, I had some indication that the Government is not co-operating, that it was not attempting to find out what really happened with the Principal Group. Despite the assurances I have received, especially from the Minister of State for Finance, that the Alberta inquiry would be a full and open public inquiry, we have found out that the Canada Deposit Insurance Corporation, which is really under the control of the Government, the Minister of Finance and the Minister of State for Finance, had refused to co-operate with the investigation in Alberta. It had refused to turn over essential documents relating to how CDIC had ordered the trust company, for which it was providing insurance, to place some of its dubious portfolios with First Investors and Associate Investors. The Code lawyers took CDIC to court and the court in fact has determined that CDIC should turn over those records. Now, apparently, CDIC at a meeting of its directors in two weeks time will decide whether or not to appeal that decision to the Supreme Court. Talk about co-operation; talk about an open inquiry; talk about the federal Government wanting to co-operate with the provinces! Here it had an opportunity of co-operating with the provinces. In fact, it forced the inquiry that was established by the Province of Alberta to go to court. CDIC is even considering appealing the lower court's decision to the Supreme Court.