

*Pioneer Trust*

thought it was going to cost more money and it felt it was not in the interests of the people of Saskatchewan to proceed.

**Miss Nicholson (Trinity):** It is a strange business, Mr. Chairman. Why would the Conservative Government of Saskatchewan which, we are told, has many very experienced business people in it, feel confident enough of the situation to ask for the licence to be extended one month and then, a month later, come back and say, "No, we cannot afford it"? That is really very puzzling and I hope that those members of Government are giving some explanation to their own constituents even if they are not prepared to give any to us here.

The Saskatchewan Government decided on February 4 not to guarantee, and then Pioneer closed its doors on February 7. Could we know exactly what happened in those three days? Was there much activity? Are you now in a position to tell us, based on the liquidator's report, that there was no insider trading or unusual movement in those three days?

● (1540)

**Mrs. McDougall:** First of all, Mr. Chairman, it was not a definite decision on February 4. The Province of Saskatchewan indicated that it expected it would back out of its guarantee. It proceeded with discussions with the company for a couple of days in an effort to come up with some solution. It was at this stage that Can-West and the Bank of British Columbia were contacted as well. So that, yes, there was a considerable amount of activity in those two or three days, and then the company took the only step it could take when none of that worked out, which was to close the doors.

**Mr. Riis:** Mr. Chairman, the Minister need not feel that we are attacking her or anything.

**Mrs. McDougall:** I don't.

**Mr. Riis:** Particularly when she had nothing to do with most of this whole process. These questions are posed in that spirit.

The decision was made to compensate some of the deposits beyond the \$60,000 limit. Could the Minister explain to us why this particular company was treated differently from Crown Trust and others in Ontario all the depositors of which were in a sense covered? Why was there some difference between the two groups?

**Mrs. McDougall:** Mr. Chairman, the CDIC Act is very clear on what can and cannot be covered and when an agency agreement can be invoked and when it cannot. The legislation states that this can only be undertaken if it results in less cost to the insurance corporation. Obviously I was not around when the decision on Crown and Fidelity was taken at the time. I do not think, however, it has worked out that way, and I think the CDIC, rightly, is very careful in how it looks at agency agreements.

There were two differences here. The first was that we did not have an agency agreement, and the second is that I think the CDIC, in light of those events, probably looks more carefully at agency agreements now than it would have before.

**Mr. Riis:** Mr. Chairman, as the Minister said, it did not work out that way in Ontario. Would the CDIC have acted differently had it known there would be additional costs for the people of Canada via this Bill? If this requirement had been known at that time, would the same decision have been made?

**Mrs. McDougall:** I am sorry, what requirement?

**Mr. Riis:** The Minister said that the CDIC makes the decision in favour of what is least costly at the time. We are now debating the Bill which is going to add another few million dollars to the burden of the taxpayers of Canada, and probably Saskatchewan is doing the same. Was this kind of action taken into consideration when the superintendent made his decision on what is going to be least costly?

**Mrs. McDougall:** I am sorry, I am still not quite clear on what information the Hon. Member is looking for. He means the decision to—

**Mr. Riis:** The decision to proceed in that particular way.

**Mrs. McDougall:** Once the company is closed—

**Mr. Riis:** Yes.

**Mrs. McDougall:** —the decision either to pay or not to pay?

**Mr. Riis:** No. I will attempt to explain it. The Minister pointed out that Greymac Trust was treated differently from Pioneer Trust with regard to what depositors were insured in the end. That decision was based on what would be the least costly solution to the problem. When that decision was made, this Bill we are debating today was not introduced in the House and presumably the costs to the people of Canada had not been contemplated at that time. So when the Minister comments that the decision to move in this direction regarding Pioneer Trust was made because that was going to be the least costly to the corporation—maybe I misunderstood her response.

**Mrs. McDougall:** I was trying to explain that there were two differences. One difference was that there was no agency agreement to consider. You can consider an agency agreement if that is the least costly, but you have to have the agency agreement there in order to consider it. I then went on to explain, in answer to no one's question, that the agency agreements, in light of what has happened in the past, would probably be scrutinized very carefully. As it has turned out, sometimes that has not been the least costly, it has been the more costly by quite a bit. But there was not one to consider in this case.

**Mr. Riis:** Mr. Chairman, really what we are debating at the moment is a provision which will enable those uninsured depositors, who were in a sense given the impression they were insured, compensation for the losses of Pioneer Trust. Earlier today I mentioned a situation which is not dissimilar, where a young immigrant from Hong Kong had come to western Canada planning to open up a small business. He had opened a