

*Canada Deposit Insurance Corp.*

fire sale of their investments. Therefore, I would think that on the basis of a certain minimum performance a near-bank could apply, be granted an interim certificate and be allowed a period of maybe three to five years in the initial instance to bring itself up to the standards that will be set for investment levels.

I would give this example to the minister as a clear indication of what I mean. Under the Alberta Trust Companies Act it is only the first million dollars of a provincially incorporated trust company that is subject to examination by a special officer in the department of the attorney general. That is the position now; prior to that the examination was carried out by an officer in the Department of the Superintendent of Insurance. A trust company could have investments of \$5 million. The legislation does not specify which is the first million dollars subject to examination, but \$1 million is subject to examination and \$4 million could be the most absolute garbage. Let us say that a number of these trust companies have investments, that some of them meet the requirements and others do not. Give them the chance under an interim certificate and continuing inspection to bring themselves up to the standards laid down. Then possibly a great many more of these institutions will be brought into the fold.

The last point I should like to make at this time, since I feel we should see the bill at the first opportunity, is that even the smallest trust companies should have available the opportunities of a deposit insurance scheme. It should not be left merely to the big fellows or the bigger fellows in the field. After all, a person who has \$10,000 of deposits in "X" company—a small trust company—is just as worthy of protection as the person who has \$10,000 of deposits in "Y" trust company—a much larger corporation.

I have one more point, Mr. Chairman. The minister has not indicated in his remarks the relationship of this scheme to provincial schemes. We have read in the press that a scheme may be proposed by the province of Quebec. Has the province of Quebec agreed that it will allow its institutions to participate in this particular scheme? After all, it must be remembered that such major trust companies as the Montreal Trust Company and the Royal Trust Company are Quebec incorporated. They are among the biggest operators in the field. They are not federally incorporated trust companies. What will be the relationship of this scheme to companies of that nature?

Will it be within the ambit of a proposed Quebec scheme to apply only to the deposits of those companies within the borders of that province, and the remaining operations all across Canada of those two companies will come under the federal scheme?

These are questions to which answers must be furnished by the minister. From what we have read in the press, I think we will get into a ludicrous situation, one that furnishes me with one more objection to the general proposal. If one province asserts and is given the right to set up its own deposit insurance scheme, surely it has no greater right than any other province to do the same thing. The net result would be that theoretically we could have 10 deposit insurance corporations in the country.

**An hon. Member:** Eleven.

**Mr. Lambert:** Yes, 11; we could initiate one in Yellowknife and the Yukon.

**Mr. Sharp:** All the federal trust companies, all the banks.

**Mr. Lambert:** Yes; it would be a terrible mix-up. Therefore I come back to my original premise, namely that the government should have the courage of its convictions in this regard. I am sure that if the minister had been allowed by the government to which he belongs to really be courageous enough to define banking as it should be defined in the Bank Act, everybody would be brought in and it would not cause any great confusion. In that event, there might be a lawsuit brought by a trust company in some province, but that would not invalidate all the provisions of the Bank Act. If someone had the determination to take the matter to the top legal authority, we would get a legal definition. I am sure, on the basis of my own research in this regard and the advice I have received, that the federal government has complete and exclusive authority over banking and banking practices in this country. I hope the minister is able to answer the questions I have raised. We will certainly be interested in seeing this bill.

• (4:50 p.m.)

**Mr. Brewin:** Mr. Chairman, I want to say at the outset that we are not opposed to the principle of the insuring of deposits, the principle that presumably is embodied in this bill. We think that the legislation as outlined by the minister is seriously inadequate in several particulars. In our view the deposit insurance has shown to be valuable where it has been