

long there would be other members rising to ask whether it was in order to continue.

GOVERNMENT ORDERS

[English]

BANK ACT

MEASURE TO AMEND

Hon. Alan Redway (for the Minister of State (Finance)) moved that Bill C-90, an act to amend the Bank Act (extension), be read the second time and referred to a legislative committee.

Mr. Dave Worthy (Parliamentary Secretary to Minister of State (Privatization and Regulatory Affairs) and Minister of State (Finance)): Mr. Speaker, in my introductory remarks today to Bill C-90, an act to extend the Bank Act, I will be dealing lightly with the bill itself and concentrate more on the reasons why we are seeking an extension.

Bill C-90 is basically a straightforward bill. It seeks extension without modification of the Bank Act. As we all know, the Bank Act expires on March 31, 1991. Bill C-90 would extend the existing act until April 1, 1992. This will allow the government the time to get on with the reform of financial institutions legislation, including substantive amendments of the Bank Act as announced on September 27.

It is important that we have this extra time, this additional year, although changes in financial institution legislation may appear to be mere technical adjustments. They are in fact very significant, in part because they represent adjustments to an industry that is itself of major importance.

All Canadians will be affected by this legislation, and I think for the better.

The manner in which the federally incorporated financial institutions serve the needs of Canadians will be directly affected by the legislative and regulatory reforms that we have announced. I believe these institutions will operate more effectively and competitively and that they will be more accessible to meet the demands of Canadians.

Government Orders

Let us recall that the money handled by Canadian financial institutions funds the mortgages of Canadians. It finances our automotive purchases, shelters and invests our savings. It makes available the investment needed for new and expanded industries and businesses.

The success of these institutions is key to our economic success as well as our security as savers and investors.

Because of the particular importance of financial institutions in channelling savings to finance economic growth, it is essential that they be sound, innovative, dynamic and internationally competitive. The challenge was to develop a regulatory approach that protects the public while it encourages innovation and efficiency in our financial sector. We will meet that demand.

• (1530)

The objectives the reform of financial sector legislation will achieve are that, first, they will enhance protection for depositors as well as policyholders. Second, they will benefit consumers by increasing competition and by widening the spectrum of services offered by the financial institutions. Third, they will strengthen the ability of Canadian financial institutions to compete at home and abroad. Fourth, they will lay the groundwork for harmonization discussions with the provinces.

Hon. members will recognize that in order to protect consumers the government tightened up on prudential rules in 1987. These will now be further strengthened, including additional enhancements to the supervisory system. For example, tougher self-dealing rules will be implemented. The self-policing role of directors and auditors will be made more effective through mandated roles and responsibilities, and the superintendent of financial institutions will have increased powers to require information that will enable problems to be anticipated.

Consumers will find shopping for financial services more convenient and will benefit from a wider choice of financial products since banks, trust and loan companies, and insurance companies will be allowed to compete more directly with each other. The interests of consumers will continue to be protected. For example, the new Bank Act would also include the service charge disclosure provisions now contained in Bill C-9 which is before Parliament.