

Financial Institutions

misrepresentation, whether it is intended or not. If the existing provisions of the law have been ignored, that is not in itself an argument for adding to the regulations, the tack being taken by those who support this motion. Rather, it is justification for more stringent administration of the regulations, such as that which has been encouraged in our reforms of the financial sector.

Bills C-42 and C-56 which implemented the first stages of that reform included both general and specific measures relating to consumer protection. Together they established a more effective supervisory authority. The Superintendent of Financial Institutions replaces the former Inspector General of Banks and the Superintendent of Insurance, and the new office has been given greater powers and resources to ensure that its duties are well carried out.

In addition, this stage of the reform strengthened the CDIC. As a result, that corporation is better able to carry out its own functions. Together, this means that the kinds of situations which have arisen in the past, in part perhaps as the result of overstretched supervisors without the resources or powers needed, will not happen again.

Bill C-42 also added three further important elements to the existing CDIC regime. First, it made clear that the existing ban on unauthorized representations of insured status of member institutions or deposits received by them applies both to the institution and to all persons acting as their agents.

Second, the Bill made it a statutory requirement that when an institution takes a deposit which is not insured, this must be indicated in writing on the deposit contract. This provision comes very close to the proposal made by the motion before us, and the change made in Bill C-42 moves it from the regulations to the law itself.

Third, Bill C-42 instituted a new requirement that institutions that solicit funds for investment on behalf of their investment company subsidiaries or other non-members of the CDIC must give notice to investors that these companies are non-members and that such funds are not insured by the CDIC.

I have already mentioned that the Government will be proceeding as quickly as possible with the remaining legislation to implement its reform of the financial sector. Among other things, those proposals will grant broader in-house powers to federal financial institutions to enable them to provide their clients with a wider range of financial services.

Specifically, financial institutions will be permitted to own or to enter into networking arrangements with other types of financial institutions. We expect that this will provide Canadians with more choice and more convenience in obtaining the financial services they want. As well, the diversification of institutions into new lines of business should enhance their ability to meet the challenge of increasing competitiveness, both domestic and international.

A number of consumer protection issues arise, of course, in this new situation. For example, insured deposit-taking services may be only one of the services offered by a group of related financial institutions, not all of which are members of the CDIC. The draft trust and loans legislation takes account of this by enabling the Governor in Council to make regulations imposing terms and conditions on the activities that companies undertake in the areas which will be open to them. Similar provisions will be incorporated in the legislation governing banks and insurance companies. Although there will be a more complex situation than at present, we have already taken steps to ensure that consumers are protected.

Bill C-56 also dealt with certain aspects of this general problem. Some of its provisions will facilitate the creation of annuity and policy-holder compensation plans. The final details are still being worked out, but these plans will fill a gap in the insurance of deposit-like instruments. They will extend a form of coverage for insurance company annuities similar to that which the CDIC provides for deposits.

Work is already taking place to implement the measures set out in Bill C-42. The CDIC is always vigilant to ensure that it takes account of concerns expressed by others, especially Members of this House, and that it considers changing circumstances as well.

I am satisfied that a good system is being put in place, and I believe this motion ought not to be accepted as it stands. It does not recognize the many measures now in place. Nonetheless, I hope we will see the degree of co-operation the Hon. Member wants and that this country will continue to enjoy a financial system that protects the interests of all involved.

Hon. Bob Layton (Lachine): Madam Speaker, today's debate on the motion of the Hon. Member for Kamloops—Shuswap (Mr. Riis) gives me a welcome opportunity to address a number of concerns about consumer protection in the financial system. I know these concerns are common to many Members on both sides of the House. I think it is particularly appropriate to be looking at the consumer protection issues raised in this motion at a time when other consumer protection issues in the sector are also in the news.

Hon. Members opposite, or alongside of me in the House, and I share concerns in this case, but I have to be frank and make it clear that our common goals do not mean that we agree on the motion. Indeed, we approach this motion in very different ways.

Earlier in the debate when the motion first came before the House, I heard it being used as a springboard from which to attack the Government for its position with respect to the Principal Group's activities rather than as a means of discussing the most effective way to secure protection for the interests of consumers. That was disappointing, both because it diffused attention that should be paid to the issue of consumer protection and because it showed that this motion's mover either did