

Government Orders

improving the flow of information about deposit insurance to customers of financial institutions. Until the existing CDIC act, employees of CDIC member institutions could not provide even the most basic information about deposit insurance to customers. The amendment will improve this situation by allowing CDIC member institutions to provide their customers with more information regarding deposit insurance. This is an important step toward improving the public's understanding of deposit insurance coverage and, I might add, is welcomed by the industry.

The second amendment provides for an increase in CDIC's borrowing limit from the Consolidated Revenue Fund to \$6 billion. The last increase was in 1987 when the limit was raised to \$3 billion. Since then, insured deposits in our financial institutions in Canada have grown by 50 per cent. The proposed increase will accommodate this growth and cover anticipated increases in insured deposits over the next few years.

Other amendments are of a more technical nature but are nonetheless important for CDIC's operations. These amendments will give CDIC greater flexibility to make by-laws to promote a common standard of business practice and conditions of insurance coverage among the member institutions.

The amendments contained in this bill will permit the Canada Deposit Insurance Corporation to carry out its mandate more effectively. The process set out in this bill for the restructuring of federal deposit taking institutions will contribute to the health and stability of the financial system and help control the cost of the deposit insurance system.

Other changes in Bill C-48 will support the important goals of achieving common standards of business and financial practices and providing the public with greater access to information on deposit insurance. I look forward to the participation in the debate of colleagues from the opposition benches. They have been afforded and have taken up the offer to be briefed by departmental officials. I hope their questions and concerns have been answered to their satisfaction.

I look forward to the debate. I believe that once the bill is carefully examined, all parties will see its wisdom and ensure its passage in a reasonable period of time.

I understand that consultations have been taken with the opposition parties and therefore I move:

That pursuant to Standing Order 73(3), Bill C-48, an act to amend the Canada Deposit Insurance Corporation Act and to amend other acts in consequence thereof, be referred to the Standing Committee on Finance.

Motion agreed to.

Ms. Catherine Callbeck (Malpeque): Madam Speaker, I have listened with interest to the hon. minister and his comments regarding the amendments to the Canada Deposit Insurance Corporation, Bill C-48, that we have before us this afternoon.

First of all I want to say that we in the Liberal Party will be supporting this legislation at second reading. Its purpose is to give the federal government the power to try to save a failing bank or trust company by seizing the assets of the institution and either restructuring the company or arranging a merger with a healthy institution.

• (1620)

At present, one of the problems with the present legislation is that the regulator does not have the power to intervene early enough in some cases to protect the shareholders, consumers and the debt holders.

I said that we on this side of the House will support this legislation at second reading, but there are a number of issues that we will want to address when this legislation goes to committee.

One of those issues is how to prevent regulators from using their new powers arbitrarily. In other words, we want to make sure that they do not abuse this power by moving too quickly or prematurely to take over the assets of a trust company or a bank.

On the other hand, we do not want to see banks or trust companies go under. People lose money: creditors, depositors, and shareholders.

As well, many people would be laid off. In this industry the banks and trust companies employ over 400,000 Canadians across this country. The importance of keeping Canadians at work becomes even more important when we are in a recession as we are today where we have 1.5 million Canadians unemployed.