

Government Orders

committee work that will make it better for shareholders, dividend holders and depositors as well as the institutions that are covered by CDIC.

In conclusion, I simply say we can support the bill at second reading. Hopefully the government will pay attention to projected changes that we will make.

Mr. George S. Rideout (Moncton): Mr. Speaker, it is a pleasure to speak on this particular bill. As has been indicated by my colleague from Malpeque, we will be supporting this legislation as it goes through second reading and look forward to studying it in committee. This legislation is long overdue, particularly when you look at the fact that Mr. Justice Estey submitted a report a number of years ago.

We have been waiting for that report for a long period of time in order to see something take place. I believe the date was in 1986.

The bulk of the recommendations that Mr. Justice Estey made are now encompassed in this legislation. One wonders why all of a sudden we are in this hurry-up mode when it has been roughly five years since those recommendations have been made.

The problems have existed for a number of years, and the government could have acted quickly if it wanted to. We might have averted some of the problems had the government taken the time to move quickly. Instead, we see it going the other way, waiting and crisis management.

Now we are facing another crisis management situation dealing with Central Trust. The shareholders are about to vote and we are rushing legislation off to committee and looking for ways to plug the holes in the dike, rather than having good, constructive legislation. For that reason we want to co-operate because I think there is a benefit from this legislation. It is just unfortunate that this benefit could not have been around earlier to help others.

As my colleague from Malpeque has said, the main purpose of this bill is to block the system where shareholders can do things to their advantage and to the disadvantage of depositors and other players in the system. That is one of the major intents of the legislation.

On its face, it is good legislation. The problem that we face under the existing situation is that as soon as the

Superintendent of Financial Institutions starts to investigate an institution, it is like announcing the death-knell of that institution. Depositors start to flee that financial institution for fear of losing their life savings or any investment in that institution.

Once the media carries the news that such and such a financial institution is shaky, that the superintendent is looking at it, that there are grave concerns as to its viability and all of those types of comments, then that institution is in trouble.

In every case, I believe, they have ultimately failed in some way and either have been bought out or, as in the case of Central Trust, some financial institution has come and cherry picked. They pick the best parts of it and leave the dregs for those minor shareholders and players who will ultimately suffer the greatest loss.

In that sense, this legislation is a positive step. It will allow the superintendent to come in and take the steps necessary to preserve the assets and perhaps even to preserve the company. Obviously that is a good and sound approach.

In that sense we are certainly not opposed to that measure. It becomes a measure that falls half way between the extreme of letting a company go down the drain, taking all the depositors and deposit insurance guarantees that have to be paid as a result of that along with them.

The other extreme is to have the superintendent force that situation by acknowledging they are involved in an examination of the company. This strikes a bit of a middle ground.

The problem is that it is done very quickly. In some sense, I am sure people will say that is a good idea and will preserve the institution. As we go through the scenario of things that could take place, it is almost like a Friday afternoon and Monday morning type situation. Everything is going to be done over the weekend.

The depositors and shareholders are not going to feel very pleased about that because it is so quick. A lot of it is going to be done quickly behind the scenes and not up front. One has to wonder whether the superintendent and the deposit insurance organization has been given too much power. What kind of controls will be on them?

Literally they can move on Friday and put together a deal over the weekend. People will find out about it on