

advice of the legislation and acted in good faith obviously and not in a malicious way, he could not then be sued because he broke confidentiality in some sense and reported directly to the superintendent. That struck the members of your committee as a very reasonable proposition for the actuaries to take provided that, in fact, the report to the superintendent was made in good faith. That proposed amendment was accepted by the government and adopted in the other place.

Another example of where this committee had some significant impact on the legislation has to do with the way in which many companies in the financial services industry provide information services through subsidiaries. A number of the companies have information services subsidiaries which are, for tax reasons, structured so that they are legal subsidiaries of a financial institution. Until the amendment was proposed by your committee and passed in the other place, it would have been impossible for a financial institution to have an information services subsidiary. The way in which the law was structured would have prevented a financial institution from having a subsidiary in a business other than direct financial services, and information services is clearly deemed to be outside the financial services sector. Again, the extensive review of the legislation by the committee corrected those types of problems.

● (1600)

As I said, some 25 per cent of the proposed amendments—four of them—were not accepted by the government. I commented on most of them last week, in particular on the one dealing with the proposal that financial institutions be allowed into the automobile leasing business. As a policy position, the government has rejected that proposal from the very beginning, although your committee, in three separate reports dating back to 1986, has recommended that financial institutions ought to be allowed into automobile leasing.

The government also rejected an amendment that was aimed at ensuring that contracts, particularly those related to insurance, would be drawn up in plain language so that the average citizen who signs such documents actually understands them. The argument against that presented by the government was that it was too difficult to draft such a piece of legislation. I point out that such a piece of legislation exists in the Province of Quebec, and has existed there for some time. It operates in an effective manner. Nevertheless, that particular proposal by this committee was rejected by the government.

The final issue which was rejected, not by the government but which was defeated by a vote of the committee in the other place was the proposal from this committee that the provision in the Bank Act requiring that major banks have two auditors should be continued. It was your committee's view that it is very important to increase public confidence in financial institutions in general and banks in particular, and that the two-auditor system had worked well in this country for a long time. We saw no reason for changing that provision.

We were mildly concerned that elimination of the two-auditor situation would lead to some modest loss of confidence and concern as to why, at a time when financial institutions appear

to be in trouble around the world, perpetuating the two-auditor rule in Canada was not a good idea. That is not the case in Canada, thank goodness. However, one only needs to look south of the border, and elsewhere in the world, to realize that financial institutions are no longer regarded as being as safe as they used to be.

That amendment was turned down by the committee in the other place on the grounds that it would be too expensive for the major financial institutions, particularly the major banks. I think one need only look at the recent profit statements of the major banks to question the judgment made on that amendment by the committee in the other place.

With the exception of those four areas that I have just touched on, the fact is that 12 of the 16 amendments proposed by your committee as a result of its pre-study have been adopted by the government. This is simply one more example of the fact that, historically, not merely the industry and consumers associations but the government itself has looked on with considerable favour the kind of analysis of legislation that is done by this committee.

Frankly, it is a tribute to members on both sides that we were able not only to come up with a unanimous report but with a report which was sufficiently solid that three-quarters of our recommendations were accepted by the government.

**Some Hon. Senators:** Hear, hear!

Motion agreed to and bills read second time.

#### REFERRED TO COMMITTEE

**The Hon. the Speaker pro tempore:** Honourable senators, when shall these bills be read the third time?

**Hon. John Lynch-Staunton (Deputy Leader of the Government):** Honourable senators, since there appears to be general consensus on the part of the chairman and the deputy chairman that the pre-study of these bills has led to some highly constructive efforts allowing 12 amendments to be incorporated into the final versions, is it possible to have leave to pass these bills the third time on the assumption that there is little left for the committee to do? I am not imposing this suggestion. I am making it because, from what I have heard, there is not much left for the committee to do with respect to these four bills.

**Hon. Gildas L. Molgat (Deputy Leader of the Opposition):** Honourable senators, I believe that the Deputy Leader of the Government knows our position regarding pre-study. I appreciate very much his subtle attempt to get me to agree to his request. I regret that we must stay with our position that bills must be referred to committee.

On motion of Senator Poitras, bills referred to the Standing Senate Committee on Banking, Trade and Commerce.

#### INTER-PARLIAMENTARY UNION

EIGHTY-SIXTH INTER-PARLIAMENTARY CONFERENCE,  
SANTIAGO, CHILE—DEBATE CONTINUED

On the Order: