

*Investment Companies Bill*  
**AFTER RECESS**

The House resumed at 8 p.m.

**GOVERNMENT ORDERS**

**INVESTMENT COMPANIES BILL**

**FILING OF STATEMENTS AND INFORMATION, QUALIFICATIONS AND DUTIES OF AUDITORS, TRANSFER OF SHARES, ETC.**

On the order:

Second reading and reference to the Standing Committee on Finance, Trade and Economic Affairs of Bill C-3, respecting investment companies—the Minister of Finance.

**Hon. Marcel Lambert (Edmonton West):** I rise on a point of order, Mr. Speaker. I draw to Your Honour's attention certain facts regarding the recommendation that appears in this bill compared with Bill C-179, which was the number of the same bill in the last session. I submit to Your Honour that this bill fails to meet the requirements of section 54 of the British North America Act, and Standing Order 62.

One always accepts as a basic principle that there must be included in recommendations a clear authority for the payment of funds out of the Consolidated Revenue Fund. I submit to Your Honour that if we compare the recommendation as it appears in Bill C-3 with that which appears in Bill C-179, reading the pertinent sections of the bill it is clearly seen that the recommendation is deficient. The recommendation as it appears in Bill C-3, the only pertinent portion with regard to the expenditure of moneys or charges on the Consolidated Revenue Fund, is at the end of line 5 and reads:

—to provide for the making of short term loans by the Canada Deposit Insurance Corporation to the sales finance companies and the conditions and limitations therefor as specified in the said measure and for payments out of the Consolidated Revenue Fund to the said corporations—

I think that is a typographical error; the word should be "corporation".

—for such purposes—

The remainder of the recommendation is not germane to this particular point. Bill C-179 of the last session read:

—to provide for...loans to such companies by the Canada Deposit Insurance Corporation out of funds advanced out of the Consolidated Revenue Fund; to provide for reimbursement of the corporation out of the Consolidated Revenue Fund for losses sustained in respect of any such loans and for the establishment by the corporation of a special account in the Bank of Canada to which shall be credited revenues derived from such loans and to which shall be charged certain expenditures of the corporation mentioned in the said measure—

I now quote section 29 as it appears at page 39 of Bill C-3:

(1) Subject to subsection (2), out of the Consolidated Revenue Fund, the Minister

[The Acting Speaker (Mr. Laniel.)

(a) may, on terms and conditions approved by the Governor in Council, authorize advances to the Canada Deposit Insurance Corporation (in this section and sections 30 and 31 referred to as the "corporation") of amounts required for the purpose of making loans under section 16; and

(b) shall authorize the reimbursement of the corporation for losses sustained by it in respect of loans made under section 16.

It is paramount, Mr. Speaker, that the moneys for the loans must come from the Consolidated Revenue Fund, on the recommendation of the minister. There is no other source of funds available to the Canada Deposit Insurance Corporation for such loans.

(2) The amount of advances outstanding under paragraph (a) of subsection (1) shall not at any time exceed the amount by which two hundred million dollars exceeds the aggregate of reimbursements to the corporation under paragraph (b) of subsection (1).

(3) The capital budget of the corporation submitted pursuant to subsection (2) of section 80 of the Financial Administration Act shall not include information relating to anticipated capital requirements of the corporation under this section.

In other words, the normal budget of the Canada Deposit Insurance Corporation cannot in any way reflect possible requirements for any of the loans. This pins it down to the point where the minister must recommend any advances out of the Consolidated Revenue Fund to the corporation for the purpose of making loans to any of the companies which are the subject matter of this bill. Also, the minister must authorize the reimbursement to the corporation from the Consolidated Revenue Fund of any losses. I emphasize this point because section 28 indicates that the Superintendent of Insurance shall ascertain and certify the total amount all the expenditures incurred in connection with the administration of this act, and shall prepare an assessment of the companies governed under the act based upon a formula related to their assets.

● (8:10 p.m.)

I put it to you, Mr. Speaker, that nowhere does the word "expenditures" include provision for losses on loans. Then we go forward to the authority under section 30 enabling the corporation to establish a special bank account with the Bank of Canada. The section reads:

The corporation shall establish in the Bank of Canada a special account to which shall be credited all interest received by it on loans made under section 16 to which shall be charged

(a) all interest on advances made to it under subsection (1) of section 29—

In other words, it will charge interest on behalf of the Consolidated Revenue Fund.

(b) all expenses incurred by it in carrying out its duties and functions under this act; and

(c) any funds paid to the Receiver General pursuant to subsection (2).

That latter paragraph is not germane; it really refers to the reimbursement to the Receiver General of any surplus funds over and above the stated maximum. I therefore put it to you, Mr. Speaker, that the bill clearly requires a recommendation that funds should be advanced to this corporation out of the Consolidated