

Government Orders

He said: Madam Speaker, I am pleased to lead off the debate on Bill C-48. This bill contains amendments to the Canada Deposit Insurance Corporation Act that will expand the range of options available to the government for dealing with troubled financial institutions. These amendments will give the Canada Deposit Insurance Corporation the authority to arrange and carry out the sale of troubled federally regulated financial institutions to a healthy institution.

At the outset I would like to say that one of the things we discovered when we went back to our ridings and talked about what goes on in the House, whether it be Question Period or debates in the House of Commons, is that we as parliamentarians take for granted that those who are watching us on television know what we are talking about.

Therefore, if I might for just a brief second explain that the Canada Deposit Insurance Corporation, which is a Crown corporation under the responsibility of the Minister of State for Finance and Privatization, provides insurance for depositors, for people who invest their money in financial institutions. It provides insurance coverage of up to \$60,000 for each depositor.

Today we are talking about and I will be speaking on amendments to the act which allow the CDIC, the Canadian Deposit Insurance Corporation, some methods of further ensuring the safety of the deposits of Canadians in financial institutions. That is what we are going to be talking about today.

I am sure that hon. members will recall that we first proposed some restructuring of the financial institutions in a blue paper on financial sector reform.

My colleague, the Secretary of State for External Affairs is here today. I believe that she as Minister of State for Finance, started that process. I am pleased that she is here today to see that the reform she started is carrying on.

That proposal followed a report from then Mr. Justice Bud Estey who examined the Canadian Commercial Bank and the Northland Bank failures. As a result of that examination, Judge Estey concluded that existing

procedures and powers for dealing with failing institutions needed to be enhanced.

Major elements of the reforms set out in the blue paper have already been considered and endorsed by this House. It is now time to complete this process of reform and give speedy passage to this remaining piece of legislation.

[*Translation*]

Major elements of the reforms set out in the blue paper have already been considered and endorsed by this House. It is time now to complete the process of reform already begun and to give speedy passage to the other amendments contained in the bill.

[*English*]

As the federal deposit insurer, CDIC can be exposed to substantial potential losses when the financial difficulties of a member institution lead to the erosion of the institution's capital. This bill adds to CDIC's capacity to control exposure to loss by giving CDIC the necessary means and procedures to act in a timely manner to restructure a failing institution. The result will be a more cost effective deposit insurance system. Participants in this system, including depositors and CDIC member institutions, stand to benefit.

The quick resolution of difficulties which may arise at deposit taking institutions holds an additional benefit for depositors. The period of uncertainty and speculation which can be created by the prospect of a failing institution can be avoided if action is promptly taken. This bill makes it possible to deal more effectively with failing institutions and reduce disruptions in Canadians' financial dealings.

Before describing these new measures more fully, allow me to take a moment to note the ways in which the federal government can deal with a deposit taking institution in serious financial difficulty.

If this troubled financial institution lacks the financial resources needed to solve its difficulties, it generally faces one of two prospects. One is liquidation; the other is the sale or merger of its operation with a healthy institution.