

Financial Institutions

Miss MacDonald (for the Minister of State for Finance) moved that the Bill be concurred in.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

Miss MacDonald (for the Minister of State for Finance) moved that the Bill be read the third time and passed.

Miss Aideen Nicholson (Trinity): Mr. Speaker, when I spoke on behalf of the Official Opposition during the debate at second reading of Bill C-42, I said that the Bill is a useful first step in the Government's agenda for financial re-regulation in Canada. I stressed that it is a very preliminary first step containing the least contentious of the measures proposed in last December's paper *New Directions for the Financial Sector*.

It is worth repeating that one of the reasons we have been able to make relatively quick work of this particular Bill is the strong support of all Parties for the process of reform and the accompanying need for enhanced regulatory authority. This House was greatly shocked by the events, some 18 months ago, of the Canadian Commercial Bank and the Northlands Bank and the weaknesses they showed in the regulatory system and ministerial accountability. We in the Opposition have felt considerable urgency in moving to correct the problems revealed then.

This is essentially what is involved in Bill C-42. It is the enabling legislation for a new regulatory body, the Office of the Superintendent of Financial Institutions. It also contains some provisions respecting the Canada Deposit Insurance Corporation.

The Bill implements only a small portion of the scenario outlined in broad strokes in the December Blue Paper. The provisions of Bill C-56, which the Finance Committee examined concurrently with Bill C-42—apart from one aspect to which I will refer later—do not add much to the government record in terms of legislation brought before the House. As I have said, these two Bills can be characterized as curtain raisers. The main event, the 1,000-page blockbuster Bill which will give us all the main pieces of the puzzle, has not yet appeared.

I was critical of this in my speech at second reading, and I remain so. I asked then why our examination of the Government's proposals could not be facilitated by having all the Bills before us. We have been dealing with bits and pieces, which is most unsatisfactory. It proved to be something of a handicap to us in committee.

Time and again Members would question a provision of the Bill and we would be told that the matter would be clarified in the final piece of legislation. This put members of the committee in the position of having to decide whether they were

prepared to approve legislation about which we have unanswered questions on the strength of assurances that the questions will be answered to our satisfaction when we see the final Bill.

When will we see this Bill or, rather, this draft Bill? First we were told that it would be tabled before the House rose for the summer. More recently the Minister of State for Finance (Mr. Hockin) said he expects to release it "this summer" which I suppose could mean anytime before the House reconvenes in the fall. Therefore, although some progress is being made with regard to the less contentious of the Government's proposals, it appears that we may be in for further delay when it comes to introducing and implementing the bulk of the measures proposed in the Blue Paper, particularly matters concerning ownership and commercial links which are important matters of public policy which require detailed debate.

For now I would like to return to some of the issues I raised in my earlier speech on Bill C-42 and make further comment based on the hearings held by the Finance Committee.

In speaking of the new regulatory body, the Office of the Superintendent of Financial Institutions, I mentioned that although I support this initiative and the expanded powers conferred on the regulator, I had some questions about the size and funding of the new office, as well as the exercise of its new powers.

The new office is to be formed by amalgamating the Department of Insurance and the Office of the Inspector General of Banks. Both these offices have had needed increases in their person-year allocations. However, unfortunately, the Minister, in his appearance before the committee, could not give a commitment that in terms of person-years at least the new office would be larger than the sum of its parts. I say that this is unfortunate because we were all very much aware at the time of the bank failures that staff shortage in the regulator's offices was a factor. We are now moving toward a much more integrated financial system which, by its nature, will require closer and more vigilant supervision. It is important to ensure that the chief regulator has not only the quality of staff but the numbers necessary to do the job.

• (2140)

With respect to funding of the new regulatory agency, 15 per cent is to come from the Government through the Consolidated Revenue Fund and the remainder is to come from the financial institutions and is to be levied on the same basis as the premiums paid now by institutions to the Canada Deposit Insurance Corporation for their deposit insurance. Should an institution disagree with the assessment levied on it, there is no means of appeal except through the courts. None of this information is in the Bill. We are told that it will be in the regulations.

With respect to the new powers made available to the Superintendent of Financial Institutions through Bill C-42, I remain concerned about the vagueness of the provisions by