

*Government Orders*

behold, they removed from the Bank Act the requirement for two auditors.

I opposed it in the committee when that was done and I am opposing it here. I have placed motions in this report stage which would put back into the Bank Act the requirement for two auditors.

As complex a business as banking is now and is going to be with the passage of Bill C-19 and all these other financial institution acts, I cannot see for the life of me why we will be removing this important tool for the Superintendent of Financial Institutions.

I pointed out in earlier debate that OSFI depends a great deal on external audits of financial institutions.

• (1520)

When we are talking about banks we are talking about the most powerful institutions in the economic structure of the country. Even the banks did not want to give up the requirement for two auditors. They saw it as an advertisement for their soundness. They are projecting to the public the image of a sound financial institution. The public is reassured in this country because the banks are regulated and two auditors are required.

I do not think that the Conservatives on the committee checked with the Minister of State for Finance before they took that position in the committee. They actually agreed to remove from the banks the requirement for two auditors.

I found it very strange, particularly when financial institutions in the trust sector are falling by the wayside. What we need are more effective controls on the banks. The member for Mississauga said it in a previous debate on this question. He conjured up the image of the Northland Bank and the CCB and he conjured up the image of "after you Alphonse". Why do you have two auditors? Now he is saying "after you Gilles".

The problem did not lie in the fact that we had two auditors. It did not affect the case of the Northland Bank and the CCB. Maybe what we have to look at is how we regulate the auditors reporting to OSFI. It has been to one auditor. When we get into these large financial institutions—and we are not talking about small financial institutions—we have to have that second opinion.

You go to the doctor today and you say I am not feeling well. He examines you and says: "I think you have a problem with your liver". If the patient does not like what the doctor says and wishes a second opinion, he says: "You have a problem with your kidney".

I think that the back-up system is very important for an effective regulatory system for financial institutions. We had Michael Mackenzie before the finance committee dealing with the investigation into the Standard Trust operations. We had only one meeting to examine Standard Trust. The chairman did not see fit to call on another meeting to continue the investigation. Michael Mackenzie, superintendent of OSFI, said how much they depended on the external auditing provided to OSFI about the financial institution. He stressed over and over again how often he depends on the outside auditing because OSFI does not have the wherewithal to audit every single financial institution in the country.

What I have attempted to do in these motions is to put back into the Bank Act what a chairman who was anxious to get a bill moved through the committee was quite willing to give up, the two auditors for banks. I ask the minister to reconsider because it was a hasty action. Once these bills are passed we will be talking about a whole new animal. A whole new beast will be born.

Banks will be able to own insurance companies. Banks will be able to own trust companies. Banks will be able to do all sorts of things. What are we saying? We are saying well, we will take off one of the watch-dogs. We will take off one.

I suggest this was a hasty action in committee by a chairman who was willing to show how good he was in getting very lengthy bills through committee. I think it was ill thought out and very hasty.

I say to the minister, let us put back the two auditors into the Bank Act. I would even go so far as to suggest, as I have suggested in debate on Bill C-4, that for the large trust companies we ought to have the two auditors as well, because they too are going to be allowed to grow in a whole new way. In a very invasive way they are going to be allowed to grow. The public, the investors, the shareholders and, above all, Canadian taxpayers, are