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LIEUTENANT-GOVERNOR

Her Honour the Honourable Janet Austin, OBC

Fourth Session, 41st Parliament

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Honourable Darryl Plecas

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Party Standings: BC Liberal 42; NDP 41; BC Green Party 3; Independent 1

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THURSDAY, OCTOBER 31, 2019

The House met at 1:33 p.m.

[Mr. Speaker in the chair.]

Routine Business

Introduction and First Reading of Bills

BILL 43 — ELECTION AMENDMENT ACT, 2019

Hon. D. Eby presented a message from Her Honour the Lieutenant-Governor: a bill intituled Election Amendment Act, 2019.

Hon. D. Eby: I move the bill be introduced and read a first time now.

I'm pleased to introduce the Election Amendment Act, 2019. This bill represents the most significant modernization of election administration in B.C. in a generation. The bill implements recommendations for legislative change through the Election Act from the Chief Electoral Officer's May 2018 report to the Legislative Assembly.

[1:35 p.m.]

The bill addresses four priority recommendations identified by the Chief Electoral Officer.

First, to modernize elections administration by allowing Elections B.C. to use vote-counting equipment, electronic voting books and ballot printers and making other related changes to make voting more straightforward and convenient.

Second, to improve voter registration rates of young adults by establishing a preregistration list of future voters for youth aged 16 and 17.

Third, to support a more current and accurate voters list by allowing Elections B.C. to update the list using information held by a provincial identity information services provider.

Fourth, to support Election B.C.'s election readiness by extending the campaign period for snap general elections by four to ten days, as needed, to keep Saturday as the last day of voting in the campaign period.

The bill also acts on a significant number of other recommendations respecting campaign financing, including requiring nomination contestants to file financing reports, as well as other recommendations respecting electoral operations.

Together these changes represent the most significant update to election administration in British Columbia in over two decades. If passed by this House, it will greatly enhance the accessibility and service Elections B.C. provides to voters.

Mr. Speaker: The question is first reading of the bill.

Motion approved.

Hon. D. Eby: I move that the bill be placed on the orders of the day for second reading at the next sitting of the House after today.

Bill 43, Election Amendment Act, 2019, introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

Government Motions on Notice

MOTION 21 — AMENDMENT TO STANDING ORDERS TO ADD GUIDELINES ON DRESS

Hon. M. Farnworth: By leave, I move the motion that has been with the Opposition House Leader and Leader of the Third Party.

[That effective immediately, the Standing Orders of the Legislative Assembly of British Columbia be amended by adding a new Standing Order 17B as follows:

Dress.

17B. (1) Members shall dress in professional contemporary business attire for all proceedings of the House.

(2) Indigenous attire, traditional cultural attire and religious attire are appropriate dress for Members.

(3) Headdress must not be worn during proceedings of the House, except when worn under the provision of subsection (2).

(4) Clothing and badges with brand names, slogans, advertising or messages of a political nature are not permitted to be worn during proceedings of the House.

(5) The Speaker shall oversee dress expectations for Members, may provide guidance, and may authorize exceptions to dress guidelines in appropriate circumstances.

For greater certainty, this Standing Order applies to the Chamber and also to Committee of the Whole and Committee of Supply proceedings.]

Leave granted.

Motion approved.

Tabling Documents

Hon. M. Farnworth: For the information of members — and I know there has been considerable interest and requests from all sides of the House as to what will happen next year — I will table the parliamentary calendar for the year 2020 so that it is up, I think, three months earlier than usual. It will be on line as of this tabling.

Interjection.

Mr. Speaker: Is there any further discussion?

Orders of the Day

Hon. M. Farnworth: I call continued committee on Bill 33, Securities Amendment Act, 2019.

[1:40 p.m.]

Committee of the Whole House

BILL 33 — SECURITIES
AMENDMENT ACT, 2019
(continued)

The House in Committee of the Whole (Section B) on Bill 33; R. Chouhan in the chair.

The committee met at 1:41 p.m.

On section 78 *(continued)*.

S. Cadieux: Yes, resuming where we left off. The last time we were here together, we were speaking about enforcement orders. Now we're moving on to the liens and driver's licence restrictions that are provided for in the act.

Section 78 creates a de facto lien on all property of the person, irrespective of registration of that lien on land title. Is it possible, then, for the lien to be transferred with the property if an offender would manage to sell off that property to an innocent party prior to an enforcement activity? In other words — I guess we're just asking that question again — could this provision potentially impact an innocent purchaser of property?

Hon. C. James: Certainly, that could happen, if the person chose to buy a property that had a lien on it. But very similar to what happens now if you buy a property with a lien on it, then you're responsible for recognizing that there's a lien on the property. I would imagine most people, if they buy a property and it has a lien, would go to the land titles. They'd check and see where the lien was from. The lien would be from B.C. Securities Commission. I think that would make it pretty clear that there would be something they'd have to investigate.

I guess, in the extreme end, just to answer the member's question, it is possible that somebody could buy it, but it would have the lien identified. They would have it identified that a lien was on the property, and then it would be up to the individual to do that kind of due diligence that I would imagine most people do if there's a lien on a property.

S. Cadieux: Thank you, Minister. I guess what I'm trying to get at is: through the process, if the Securities Commission is going to make an order that essentially amounts to a lien, what's the process for registering that lien against the property? How will people know that that is, in fact, there?

[1:45 p.m.]

How long would that process take? Is there a potential problem based on the amount of time that could potentially take, given that the Securities Commission lien isn't, according to this, registered yet? How long is that time period expected to be? What does the process look like? Walk us through an example.

Hon. C. James: I think the first piece to mention is…. Again, back to the context of why these changes are coming in, it would be in the interest of the Securities Commission to register as soon as possible. They won't want to lose the opportunity. That's the reason we're bringing the changes forward. It's so that they have the opportunity to be able to freeze those properties that they believe are related to crime, are related to a breach of the Securities Act. So it's in their interest to make sure that they register those as quickly as possible.

For real property, they register with the land titles office. For personal property, they register through the personal property security registry. They would do that as quickly as they could because they won't want to lose this property either. That's part of the reason that the changes are coming in.

S. Cadieux: Thanks for that answer. Just for complete clarity, then, the lien doesn't become effective until such time as it is registered with either land titles or the other registry? Or is there a chance that a person could transfer a property in a time delay between when the commission decides they're going to make an order and gets it through the processing? Somebody got sick, or there's a staffing shortage — whatever might delay a process. Would, then, the new purchaser, who has done their homework…? There has been no lien registered when they buy, but now they find out there is a lien registered. Are they captured?

[1:50 p.m.]

Hon. C. James: Remember that the Securities Commission would have the ability to freeze the property. That's what this act gives them — the ability to freeze the property while the investigation goes on to determine whether the property should be used as part of paying a fine or a penalty or getting money back to victims.

Once the Securities Commission steps in and freezes the property, it can't be sold. Once that occurs — once the property is frozen — it can't be sold. So I don't see a circumstance, necessarily, where someone could come in and buy before registry, because once the Securities Commission has stepped in and frozen the property, it can't be sold. It's then part of the investigation and part of the process that occurs.

When that occurs — when they freeze the property — then they register with land titles office. Even though the registry may take a few days…. As the member points out as an example, maybe it takes a few days to get up on the land registry site or the personal property security registry. It would still be under the freeze by the Securities Commission. Therefore, it couldn't be sold. So it couldn't go on the market. Somebody couldn't inadvertently buy a property, because it wouldn't be sold. It wouldn't be in the market.

S. Cadieux: Thank you, Minister. Forgive me then. Can you explain how somebody would know that the property

was frozen by the Securities Commission? Did I miss that in the earlier part of the act or miss the understanding?

Hon. C. James: Just going through, again, the imagining of the steps that may occur. If somebody tried to sell it, or if somebody was trying to buy the property, at the same time the property is frozen, a notice is on the title. A notice is put on the title of the property saying, "This property is frozen, Securities Commission," etc. That happens when the property is frozen. It would be on title.

Someone who is buying a property or selling a property has to have the title of the place that they're selling. It's listed on the title, or it's registered on the title that the property is frozen.

[1:55 p.m.]

S. Cadieux: Great. Then, in theory, if there is a transaction in process, there are 20 days between the agreement for sale and the close. The paperwork is going through, and the freeze has not yet been acted, and now you're at day 19. What happens then?

Hon. C. James: I think another way of looking at it would be: what happens when people buy property? If we take the freeze and the Securities Commission out of this, if somebody, as the member describes, is going through a sale, they've got 20 days. They're at day 19. They have the responsibility to ensure that they are making sure that conditions haven't changed — so someone hasn't taken an extra mortgage out on the property or that somebody else hasn't put a lien on the property. That's part of the responsibility.

In most cases, people will be using a real estate agent who does that due diligence for them and makes sure before they do the final sign on the day 20 that those pieces have been taken care of. That would be the same as this process, where, again, people would be doing their due diligence.

If you got to day 19 and a freeze was put in place, the sale would fall apart. The real estate agent would advise the individual, or the individual would find that out if they were buying it themselves, and there wouldn't be a sale. If this occurred on day 19, for example, the sale would fall apart, just as it would if other conditions changed that weren't in place when you first started putting the offers in on a house.

S. Bond: I want to move on to the driver's licence restrictions, but before I do, perhaps the minister could walk through the order of precedence when it comes to liens. The legislation makes it clear that this lien takes precedence over anything else other than a couple related to employment standards and family maintenance. Could the minister just sort of walk through the order of priority and where this particular lien fits with others that may be levied against a property?

Hon. C. James: As the act reads, this would, in fact, put the order for the Securities Commission in third. So it would come after the Employment Standards Act, which means workers, workers who would be paid first. Family Maintenance Act — obviously, if someone owes family maintenance payments to a spouse, that would come next. Securities would come after that.

Just for clarification. This, again, is on a disgorgement. This is when the person has been found to have violated the act. We're looking at how we divide the money. That's the order. This is presumed that we will come above the other pieces, other than those two areas that are mentioned in the act.

[2:00 p.m.]

S. Bond: I mean, the point of the legislation is to give the Securities Commission a way to make sure we're taking care of victims and returning funds wherever possible. One of the tools that is included is the ability to prohibit the renewal of a person's driver's licence.

Perhaps the minister could give us a sense of: is there a series of escalating consequences, or do they all happen at once? How does the driver's licence piece fit into that series of actions that might be taken against someone?

Hon. C. James: Just to walk through the steps. The first step, obviously, is someone is in default of paying up. There's a group responsible within the B.C. Securities Commission for collections, so that's the group who makes the decision about next steps and what steps are taken. It's up to that group to determine what process they want to utilize, so this gives them one more tool. They have a number of tools, but this gives them one more tool to be able to utilize.

Even within that tool, there are some requirements in place. The person gets notice. It's 30 days. They get notice that the commission is looking at doing this. They get a chance to be heard. That's also there so they have a chance to come and argue.

They certainly have a chance to pay their fine. That's always an opportunity that they have through that process. I think it's important that even though this gives them one more tool, there are still requirements around that tool that have to be followed to make sure it's a fair process for the individual.

S. Bond: Perhaps the minister could give us a sense of why the threshold of $3,000 or more was selected. Basically, it doesn't kick in unless the person owes $3,000. Is that practice in other jurisdictions? How did the ministry decide that was the threshold?

[2:05 p.m.]

Hon. C. James: This matches the regime that's in the Family Maintenance Act, so the Family Maintenance Act has it as well. It would be rare for someone to have a disgorgement order of only $3,000, but it matches the act. That's why it's there.

S. Bond: Yes. Certainly, any amount owing is significant, but $3,000 seems fairly modest, and then, suddenly, you don't have a driver's licence or your licence plates any longer.

What would happen if the offender moved to another jurisdiction? Is there any sort of reciprocal exchange between jurisdictions where B.C. can let Saskatchewan know that there is a problem? If someone leaves the jurisdiction, is there any other recourse?

Hon. C. James: On the specific issue of drivers' licences and the licence plates, we don't have that information. We'd have to check with ICBC to see if there's any kind of agreement. I can get back to the member — not during this debate, probably. But I can get back to the member and do a follow-up on that piece.

On the broader issue of fines and whether there's an opportunity if someone skips the province and goes somewhere else, the process for the Securities Commission is to have an order from the court for someone to have to pay their fines. Once that's filed, then that can be filed in other courts, and it can be notified across the jurisdictions. We can do that for the fines, but I don't know about the drivers' licences and the licence plates. I can find that information out for the member.

S. Bond: I'm assuming that, as the minister outlined…. I saw the 30-day advance notice, whether or not that gives the person who's in default a chance to try to avoid it in some way…. But I think it's probably more correct to look at it from the minister's perspective in the sense that it gives a window of opportunity for the person to actually make amends here.

Could the minister just confirm that that's accurate, that the 30-day advance notice is really about, "Here's the warning, and here are the things you need to do," and giving people a reasonable amount of time to do that before the consequences kick in?

Hon. C. James: Yes, the member is quite correct. I mean, the goal here is to collect the fine. That's the goal. So the 30 days will give people a chance to be able to pay up.

It also may give them a chance to come forward and work out a payment plan. That's a possibility as well. That's something, again, that the commission looks at. Are there opportunities to work out a payment plan that gives them the chance to be able to do that and collect the money? That's the ultimate goal — to avoid the court and avoid going that route but actually provide someone with a chance to be able to pay their fine and to be done with their penalty.

S. Bond: Thank you for that. I appreciate that clarity.

The new tool related to licences and number plates…. I think people need to know that it's not just your licence. You might actually lose your plates as well.

When it speaks to the issue of number plates, it also talks about "any motor vehicle or trailer." So are we talking about anything that's categorized as a vehicle, a trailer? Is it everything — motorcycles, trailers, all of those kinds of things? It's very specific to vehicle or trailer. Could the minister just describe exactly what that means?

[2:10 p.m.]

Hon. C. James: It would be anything that's registered with ICBC. Anything within their regime that would be considered a registered vehicle would be considered under this act.

S. Bond: The other thing I think is interesting is that a notice can be given that the person is going to lose their driver's licence or their plates, and if they're able to, as the minister outlined, they have a chance to be heard. They can pay up, and basically, that would be avoided. But there's also the provision for the person to make a payment arrangement. Perhaps the minister could just describe that for us.

It also goes on to then suggest that you can make the payment arrangement, but then if you fall into arrears on that arrangement, there are also consequences. This is another way for the person to actually make amends, so perhaps just a bit of a description of the payment arrangement that can be entered into.

Hon. C. James: I think the important piece just to mention is that there are opportunities to present a plan, to work through a plan with the collections folks well before they get to the licence piece. So every step of the way, the Securities Commission and the collections group, the individual that would be working on that case, would certainly provide every opportunity for a plan to be presented. It doesn't just signal…. It can happen when they get the 30-day notice. That gives them a formal process, if they get the notice that they're going to have their licence or their plates taken away, but they have the opportunity throughout that.

The issue of the fact that if they don't follow their plan and they go in arrears again — it just ensures that it's not used as an out, that someone doesn't present a plan as a way out of having to ever pay their fine. We continue to monitor the plan. We continue to require them to make the payments or whatever they worked out in the plan. If they default, then you again would have the opportunity to put in place a penalty, including the licences or the plates.

Sections 78 and 79 approved.

On section 80.

S. Bond: I think if we were looking at the bill and trying to parse out the substantive pieces…. Obviously, it's a 75-page bill, but this is, I would suggest, where the minister would characterize us as moving ahead of the country. Is it fair to say that?

Hon. C. James: Yes, that's fair.

S. Bond: Section 80 is actually the section which yesterday my colleague, in a very articulate way, talked about some of the potential consequences. We'll walk through it a little more specifically. That was at the urging of this colleague. Together we figured we were in the right spot, but no.

This is the opportunity for the Securities Commission to seize property from family members of a person who's committed fraud, a friend or someone or other non-arm's-length person, if the property is connected to the perpetration of a fraud. Let's start with the discussion around claimable property. Claimable property is defined as a property that has been transferred at any time to a family member.

[2:15 p.m.]

As we said in our previous discussions, we're not here to defend people who have committed fraud, but we do want to understand whether or not there are any unintended consequences for family members or people who simply are part of a transaction who may or may not have had any awareness of the behaviour of the person.

If the property is being described as having transferred at any time to a family member, what is the administrative process for determining if a property is claimable if that property was acquired prior to criminal activity?

Hon. C. James: Yes, we did canvass this back and forth a little bit. Was that only yesterday? The day before yesterday. The days have blurred.

The Securities Commission would have to have evidence that the property had been transferred to a family member — this applies to a family member — for below market value. We talked a little bit in the debate last time about the fact that they may receive that information from a third party. They would have to investigate that, so they would have to have some kind of evidence that the property had been transferred to a family member for below market value.

S. Bond: When it comes to the issue of having evidence, one of the more difficult aspects of this, I think — I would assume — is determining criminal intent. Are there procedures or practices that would be attached to this provision that would insulate it against a court challenge?

[2:20 p.m.]

Hon. C. James: Just a couple of pieces to point out. One is that…. Remember, we're freezing the asset while the investigation goes on and while that occurs. There's not a need to prove criminal intent at that stage, because you're not actually looking at the property being linked to criminal intent as you are with a civil forfeiture, for example. This would be freezing the asset to be able to utilize it if someone was found guilty and if we needed the resource to be able to provide resources back to victims — so preventing them from getting rid of that asset.

They do have the opportunity to go in, but certainly the Securities Commission knows that, as I said earlier, they'd need evidence that the property had been transferred to a family member below market value. They know that that could be tested in court. They certainly are well aware that the evidence would have to be clear and would have to be presentable and would have to be proven in a court. So that's certainly something that the Securities Commission is well aware of in the processes that they go through now.

S. Bond: Thank you to the minister. There are a number of definitions in this section, obviously. Do they align with definitions in other acts? For example, when we talk about a family member, we're talking about not just a spouse. It could be a former spouse, and it goes right down to grandparents, sibling, child or grandchild of a person or even the grandchild of the spouse or former spouse. Are these common definitions to other acts?

Hon. C. James: We're just checking to make sure. The member mentioned a number of different definitions. So we'll check, and we can get back to that question if you want to move ahead with another question.

M. Lee: I appreciate the opportunity to pursue this definition. Just while you're doing that, perhaps you could add to the list. The question just arises in looking at the question raised by my colleague from Prince George–Valemount.

When we look at the "family member" definition in this bill, could we also consider how this new definition interplays with the current definition of "associate" under the Securities Act? For example, the term "associate" is widely used throughout the Securities Act and includes, sub (d): "a relative, including the spouse, of that person or a relative of that person's spouse, if the relative has the same home as that person."

My experience with the act, in terms of that definition of "associate," does have a focus on a definition of how you sweep in family members. Family, through the definition of "relative," has been termed under the Securities Act to include a relative who has the same home as that person. Was there a consideration as to the existing definition of "associate," including sub (d), as to the characterization of what a relative is vis-à-vis this more expansive definition of "family member"?

[2:25 p.m.]

Hon. C. James: Yes, it was considered. The "associate" term was looked at, and the definition of the term throughout the Securities Act, but it was rejected to utilize that. It wasn't considered broad enough to capture all of the circumstances of fraud that the Securities Commission is looking at when you look at these kinds of examples in these kinds of cases, which is why the "family member" definition in here is broader than the "associate" definition that might be utilized in other parts of the act.

S. Bond: The purpose for the forfeiture of property, obviously, is to recover funds and repay defrauded people or,

basically, to recover the proceeds of fraud. Is there a precedent for the collection of those funds? Is there an order of priority? Could the minister just describe for us, when the forfeiture of property occurs, what the prioritization is of the funds that may be recovered?

Hon. C. James: All of these sections and all of this work around properties are related to disgorgement orders. It can only be utilized, in fact, for returning money to victims. That's the purpose of putting these in place. The purpose of the properties and the freezing of properties is to ensure that those dollars are available or those resources or assets are available for disgorgement orders, which then means paying the money back to victims.

S. Bond: The courts may refuse a forfeiture order under the added section 164.13. Are those the only means by which a court can refuse such an order?

Hon. C. James: The court could always refuse the order — for example, if evidence wasn't there. That's always a possibility. The member has referred to this one section, but the court always has the ability to say: "The evidence hasn't been presented. Therefore, I'm not going to honour the order."

S. Bond: That same section that is being added basically requires or forces the person who forfeits their property to prove their innocence against the forfeiture. There is a series of grounds that are listed in that new section. Is that an exhaustive list? Are those the only ways that a person can actually prove their innocence against the forfeiture?

[2:30 p.m.]

[J. Isaacs in the chair.]

Hon. C. James: I think the easiest way is to take a look at subsection (1) in that section first, where it says: "If a court determines that the forfeiture of property or the whole or a portion of an interest…is clearly not in the interests of justice." That gives you the broad base. It's not an exhaustive list, as the member has said. Then (2) gets into some specifics. But, in fact, that is the broad base on which something could be judged, so almost anything could be determined to be not in the interests of justice.

M. Lee: I'd just like to come back to, in section 80, the amendments proposed to section 164.07, under the heading "Opportunity to be heard." In that section, there are some defined terms certainly being utilized, like "valuation date" specifically, but there are some other terms that are not defined, at least at the front of this section 80. I'd just like to ask, just so that those who are going to be using this section and might be subject to this section…. How will fair market value be determined?

Hon. C. James: The commission already utilizes the issue of fair market value. It's also used in a number of other pieces of legislation. It's basically a matter of fact that is used in other pieces of legislation. Appraisals would be the most common way of determining fair market value. Then the fact of the fair market value would be utilized.

M. Lee: Certainly, what would be contemplated under 164.07(b) would be the fair market value of the property on the valuation date, which is the date the transfer occurred, if such fraudulent transfer did occur to a family member. We have terms, over the page, relating to terms which are current fair market value. Current fair market value at what point of time?

[2:35 p.m.]

Hon. C. James: The utilization of this section would be the time of the hearing, the opportunity of the hearing. The date that the member mentioned, of current fair market value, would be the date of the opportunity to be heard by the subject of the freeze order who is there at the hearing. That would be the current fair market value.

M. Lee: Just to further that question then. When we look at subsection 164.07(2)(a), we go further to talk about where the current fair market value of the property that is subject to the order significantly exceeds the total of all undervalue benefits the person realized.

Presumably, the undervalue benefits, which is determined by way of definition, is at the time of transfer. So there is no further bringing forward of the value of those undervalue benefits. It's only at the time of transfer. Is that correct?

[2:40 p.m.]

Hon. C. James: Yes. The member asked about undervalue benefits. Undervalue benefits are determined at the time of the transfer. The member is correct.

M. Lee: I appreciate that, like many parts of the Securities Act, they're highly technical in nature. So I'm just piecing through this. When we get to the end of this section, there is an opportunity, if a family member is able to demonstrate that the current market value exceeds the total of the undervalue benefits and that the current fair market value of the property is unlikely to diminish in value….

Well, let me go there, actually. When we say it's unlikely to diminish in value, over what period of time will that likelihood be determined or forecasted?

Hon. C. James: This would be an opportunity to bring forward the facts to be able to present this. The kinds of things that will be looked at could include market volatility, for example. It could include the time that the hearing is going to take. For example, if a hearing is going to take two years and somebody's coming to present, they may take a look at that factor and say: "Because of the market volatility, there would be a change in the value."

All of those conditions, all of those kinds of facts, would be presented to be able to make that determination.

M. Lee: That may prove to be a difficult challenge to the family member — for example, in the area of real estate property in Metro Vancouver, the changes, presumably, in value.

Let me just ask this question. Is there any *de minimis* value change that would be acceptable when we talk about "is unlikely to diminish in value"? Are we saying any value? Is there some sort of minimum threshold of change that might be considered here for the interpretation of the section?

[2:45 p.m.]

Hon. C. James: This section speaks to likelihood, not specifics. That makes a difference here. We're not talking about people having to come in with a very specific…. "This way I can prove this number." This section speaks to the likelihood of the changes in value.

Then I think the other piece to look at that's important here is the section afterwards, which speaks to "significantly exceeds." Again, we're not talking about small fluctuations. We're not talking about small differences. We're talking about something that significantly exceeds, which, again, I think speaks to the question that the member is asking around the evidence that would have to be presented.

M. Lee: I appreciate that the lead-in to this section, of course, is to the satisfaction of the commission. Is there any dispute resolution process at all considered here in the event that there is a difference in determination of value or conclusion on value?

Hon. C. James: I think that in all decisions through the Securities Commission, of course, the court is the ultimate decider. If there was a large dispute, I'm guessing that would go to court.

Through this process, it's the Securities Commission that makes that determination. But the court is the ultimate determiner if somebody feels that there wasn't fairness through this process.

M. Lee: Thank you for the response. If I could ask, the section she just referenced does say "the commission must vary the order" so that the current market value of the property that remains subject to the order does not significantly exceed the total value of all undervalue benefits.

Does that suggest, in terms of the way that the section is worded, that the order itself would bring the amount sought down to the exact level of the total of the undervalue benefits that the person realized?

Hon. C. James: I think the key here is that it would bring it down so it doesn't significantly exceed. Again, that would be the judgment of the commission.

[2:50 p.m.]

This fits with, as I talked about earlier, the fact that we're not talking about specifics. It would bring it down, as I said, so it doesn't significantly exceed the order.

M. Lee: I just have one other question relating to this particular section of section 80. That is in sub (3) of this section. Could I ask the minister to provide an explanation for the reason why this provision is needed?

[2:55 p.m.]

Hon. C. James: I'll refer back and forth between section (1)(a) and section (3) because I think those two are linked. I think that's where the member is going.

Section (1)(a) would be a person coming forward and presenting to the commission the fact that…. These would often be trust situations. They'd present the facts to show that the property that they hold the legal title to…. They may be holding it as a trustee, but they have no beneficial interest in the property — a lawyer, for example. They would show those facts to the commission and satisfy the commission on those facts.

Section (3) gives, then, the commission the opportunity to require appointment of a different trustee if they needed to, depending on the circumstances that were presented in (1)(a). So if they felt it was transferred by a fraudster, for example, they may feel it's important to require the appointment of a different trustee through this process. So section (1)(a) and section (3) work together in that process.

M. Lee: Certainly, I was referring to the aspects of demonstrating beneficial interest under subsection (1)(a), which the minister just referred back to — at least the way that it's framed in subsection (1)(a), where the person satisfies the commission that the subject matter of the asset, presumably, that's under the preservation order is one where the beneficial interest to that asset is not held by the person of interest.

Is it that there's some concern regarding what…? If the beneficiary is not the target anymore and it's out of the hands of the person who is alleged to have been fraudulent or to have done something improperly under the act, I'm still trying to understand why there'd need to be a further….

If there are grounds enough under subsection (1)(a) for the preservation order not to be in place any longer, why is it that there needs to be some other action taken? Is there some concern regarding the asset? If there was, then, presumably, the preservation order would still stay in place.

Hon. C. James: Certainly, I think the important piece in all of this is that there's obviously concern about the asset, because the asset has been frozen. If the asset wasn't frozen, there wouldn't be concern. But the asset has been frozen, so there are obviously some reasons that the commission has gone in and frozen that asset.

[3:00 p.m.]

So yes, there are concerns. There may be concerns around how the asset was transferred, who the asset was transferred

to, the value — all of the kinds of things that they will go through in that investigation.

There may be connections for the person who holds the legal title as a trustee, who doesn't have the beneficial interest, who may be a relative. That may be another circumstance, for example. So, yes, there would still be concern about the asset. That's why the appointment of a different trustee may be a path. It's not a requirement. It may be a path that the commission goes down.

M. Lee: Well, just as the minister was outlining that concern…. I can certainly appreciate that there may well be that type of concern. If there is, then…. With requiring by the commission that the legal interest in the property be transferred to another person, is there still not a concern, then, given that the beneficial interest is still being held by the same person that, presumably, there might be some concern about by the commission — meaning the relationship between the person who has that beneficial interest and the person of interest, the person who has been of focus by the commission in terms of his or her activities?

By just merely changing the legal interest, is there not still a concern that the holder of the beneficial interest may still direct that new legal holder in a manner that the commission may not think is appropriate?

Hon. C. James: I think the piece that's important in all of this is that, yes, as I mentioned, there are still concerns about the asset. There could be, as I mentioned earlier, concerns because the person does hold the legal title. If the freeze order is lifted, there is an opportunity, for example, for an individual to, if they hold that property as a trustee …. Concerns with the property being sold or being stolen — those could be concerns. So by putting in place a trustee, by putting in place the appointment of a trustee, that, again, provides some support to the concerns about the asset.

M. Lee: I appreciate that we're spending some time on this. It's just an illustration of the point that my colleague the member for Prince George–Valemount made earlier. Obviously, we want to ensure that there is increased effort and tools by the commission to enforce the laws of our province, to ensure that we're not getting fraudulent conveyances between those who are defrauding people of their investments under the Securities Act.

[3:05 p.m.]

In terms of family members and the new powers of the commission, I'm just trying to walk through this provision, because it does give the opportunity for a family member to demonstrate that something that has been transferred to them is an asset that should not be, for reasons that are set out in this section, subject to a preservation order any longer. It does give the opportunity for the commission to consider that.

This provision here, regarding the transfer, I still see as a point that demonstrates — in terms of the new frontier, so to speak, of securities regulation that the B.C. Securities Commission is embarking on — that there are elements to this that will be, I'm sure, questioned as to how they will work in practice and how effective they will be.

I'll just say one last time and invite the minister to respond just on this point…. It seems that we're talking about concerns regarding who holds a legal interest on this particular asset and that interest is going to be released, in terms of the preservation order on that asset under this section because of the various aspects that the commission has been satisfied about. That requires, though, that that legal interest still be transferred. But the beneficial instrument still to remain with the original beneficiary would suggest that, really when you look at it, if there is still a concern, isn't it still a concern for the commission that they should be going after the beneficial holder?

Presumably, under a new trust relationship, where you require that the legal interest be transferred to another person, you still have the same beneficial holder, and of course, the legal holder is holding for the benefit of that beneficial holder. So doesn't the commission still have a concern that the beneficial holder can still direct that new legal holder to do something else with the asset? That's what I'm trying to get at.

I'll just leave it there and ask for the minister to respond. But I do think it's a demonstration of…. As you look at new legislation and the manner in which this government is bringing it forward, there still are some questions that are going to be raised about these provisions.

Hon. C. James: I think the important piece here is in 164.07(a). The concern isn't with the beneficiary. I think that's perhaps where the difference occurs.

[3:10 p.m.]

This section isn't about concern with the beneficiary. The person is not being investigated. They're not a family member. They're not a third-party recipient. That's all listed in subsections (a)(i), (ii) and (iii). The concern in this section is with the trustee. That's where the concern is, so that's why this section is written out the way it is.

I understand the member's issues, but it's written out that way because this section doesn't refer — in fact, isn't speaking — to the beneficiary, because they've already gone through the test. They've already gone through the test of showing that they're not a family member, that they're not being investigated and that they're not a third-party recipient, which is why the section is speaking to the concern with the trustee in these cases of beneficial interest.

S. Bond: We know that making sure that there are checks and balances in place is a critical part of new tools and legislation. Can the minister just confirm that, in essence, the only check and balance in this provision is administrative discretion, which would be exercised by the B.C. Securities Commission in terms of which assets might be considered for seizure?

Hon. C. James: Checks and balances are critical, just to speak to the member's point. I think it's important to note that throughout the legislation…. Well, I guess, to come back a step, any decisions by the commission have to be based on evidence and have to be based on fact. Those are critical.

There are also built-in provisions in the act that must be followed. Those are checks and balances in themselves — things like notice provisions, things like the duty to be heard and things like the steps that have to be taken that we've just talked about, where someone will have to provide the information and then there are steps that have to be taken by the commission.

I would say that throughout this act, you'll see checks and balances with the requirements that must be followed by the commission as they go through the process of any of these duties within the act.

S. Bond: Well, certainly, as we've discussed the bill, the minister has talked about the catch-up sections and the sections where we're moving ahead of the rest of the country, and this is absolutely one of those. I know there have been lots of positive things said about the efforts to give the Securities Commission more tools. As we've said numerous times, cracking down on fraudsters is not a partisan issue. It's something we want to all do.

But is it fair to characterize, when we look at the breadth of subsection 164.13(2)…. Basically, what the entire section of 164 does…. It actually says this. It basically says that all gifts to family members have a potential of forfeiture if a person contravenes security laws at any time. Is that accurate?

[3:15 p.m.]

If the minister could confirm that basically — it uses the words — at any time, if someone, as a family member, has received something from someone who eventually commits fraud, that asset has the potential of forfeiture?

Hon. C. James: I think the important piece to recognize here is that the commission's responsibility is around the freezing of the property and the investigation around the freezing of the property. The forfeiture of the property and that determination is done by the courts. So that's the courts. As you can see in 164.13(1), if "a court determines that the forfeiture of property…." So that's the court's determination. The freezing of the asset, yes, is part of the Securities Commission's responsibility, but it is the court that makes that determination, as they do in criminal issues.

S. Bond: Does the minister have confidence that these provisions…? When you think about it, the words "at any time" are a concern. If someone has received an asset from a family member at any time, perhaps long before a fraud has been committed or there's bad behaviour, that property…. Yes, it could be frozen, and the courts would go through its process. But ultimately, at any time, that family member could go through a forfeiture process. Does the minister have any concerns about the ability of this to be held up in court?

Hon. C. James: Yes, the court has the ability and the responsibility to make that determination. So yes, I'm confident in the court's ability to use its discretion, to make those determinations, to look at all the evidence that is there and to make the right decision.

I think that's the important piece here. The member talked about checks and balances earlier. Those checks and balances are there. The Securities Commission obviously has to present all of their information around the freezing of an asset and why they believe that's connected to a fraudster. But that's the process the court goes through in court cases. They always make a determination and a judgment. So yes, I am confident in the court's ability to make that determination and judgment.

S. Cadieux: The terminology "at any time" is really, I think, what we're questioning. It's not the intent to preserve assets that were unduly gained and therefore, ultimately, through this process, then, theoretically would be forfeited. The challenge is with the term "at any time." Why was that term chosen? Because theoretically, then…. Let's use a theoretical example. A father transfers a significant asset below market value as a gift — let's say as a gift — to a child, and now it's 15 years later.

[3:20 p.m.]

What you're saying to us, I think, through this is that we want to give the commission the opportunity to go back and say that that asset should be included in a proceeding. But why is "at any time" chosen, rather than a time period that relates directly to when the associated fraud is believed to have occurred? Why at any time? Why not five years? Why not two years?

Why is the term "at any time" required? It seems like there is no reason to have it be at any time, because you would think that if we're talking about a fraud that we are aware of, then we would have some idea, through the investigative process, of when assets were gained from that fraud or were attempted to be screened away from that fraud.

Now we're using the words "at any time" and giving full confidence to investigators and the commission that they would never unintentionally freeze something that shouldn't be frozen. So why the words "at any time"? Is there another act? Is this standard practice?

Hon. C. James: I think this speaks to the sophistication of fraudsters and the sophistication of their plans to commit fraud. In fact, what we've seen factually through the commission, through various cases over the years, is that fraudsters will plan the time that they're going to take.

They'll transfer their assets before they begin a fraud. They will ensure that they don't have the assets as they begin a fraud. So if a timeline was put into an act — say, two years, as the member gives as an example — fraudsters would know

they have an ability to transfer their assets. They know they have a two-year time period where they're not going to get caught, where we can't go back and find that asset because of the time frame.

In fact, that's exactly the challenge that is faced: that fraudsters are very sophisticated in the kinds of frauds that they create. They will often transfer assets before they begin a scheme so that if they are caught, those assets are out of the reach of anyone in going after them.

The check and balance that the member talks about is critical. I would agree with that. That's why the term that we talked about earlier, "not in the interests of justice," is in there for the courts to make a consideration. So if a child, as the example that the member refers to…. I think the court would certainly use their judgment to take a look and say: "It's not in the interests of justice for a child to lose something that may have been reasonably given." The courts will have that ability, and again, that's why it's very specific in the act to be able to make that judgment as they determine the disgorgement.

[3:25 p.m.]

S. Cadieux: Under the burden of proof of ownership, section 164.16, property is regarded as belonging to a person if they acquired an interest in the property, increased its value or decreased a debt obligation against that property, barring contrary evidence. What is meant by "increasing the value of a property"? Are we speaking here about that they have done some renovations or improvements, added a swimming pool or added fancy hubcaps to a car? What are we talking about by increasing the value of a property?

Hon. C. James: Sorry. Could I ask the member to be specific about…? Which section, again?

S. Cadieux: The section before, 164.16. "In a proceeding under this Part, proof that a person (a) acquired…(b) caused an increase in the value of the interest or the portion" of the property or "(c) caused a decrease of a debt obligation…."

Hon. C. James: This is from the Civil Forfeiture Act, so a very similar kind of process. It's a process that sets out to show proof that the person owns the property. It's a series of steps that the person can utilize to show that they own the property.

S. Cadieux: Again, what would that proof be, then? What does it mean when proof causing an increase…? Proof that a person "caused an increase in the value of the interest or the portion" of the property that is subject….? What would that proof look like?

Hon. C. James: Caused an increase in the value — very interesting legal language to, basically, give another way of showing that you own the property. A major renovation, for example. You're doing repairs on the property. You've hired a contractor. Those would be examples of showing a value in the property to show that you own the property as part of the proof that you would present.

S. Cadieux: I'm assuming, then, that the burden here is on the commission to prove this when trying to seize an asset, rather than the opposite. Or am I…? Are we trying to expose otherwise shielded assets? Is that the intent here?

[3:30 p.m.]

Hon. C. James: The member is correct. It's for the commission to be able to show.

[R. Chouhan in the chair.]

S. Cadieux: Moving on a little bit, if there is no automatic presumption that a property transfer between immediate family members is a gift of that property, then what's the intention of section 164.17?

[3:35 p.m.]

Hon. C. James: Just trying to determine how we describe the presumption of advancement in a very simple and straightforward way.

I think the easiest way to describe it…. This is related to the person who's the subject of the order and trying to prevent them from utilizing an excuse or a rationale or an argument to be able to get out of the order.

The presumption is that if you give something to a spouse or child, it's a gift. This says that's not necessarily the case. You have to prove that. You have to prove that what you gave is a gift because, obviously, this person is part of an order and part of an investigation, and there's a rationale around why you want them to be able to prove that.

S. Cadieux: If a below-market property transfer is already claimable under section 80, is this section then saying that a gift, which would not have been claimable, is now claimable?

Hon. C. James: I'll try this again. This section refers to when the claimable property is already under the order. So it's already under the order. The individual is coming forward. They're arguing to the courts, "You can't take this property" — that it shouldn't be part of the order — "because I gave it as a gift to my spouse, my child," whatever it happens to be.

This section says you must prove that. Basically, that's what this section says. This section says you must prove to us that you gave that as a gift, that you're not trying to just simply get away from paying or having this property seized. You must prove that to us.

[3:40 p.m.]

S. Cadieux: Given that enforcement of forfeiture under your section 80 can be retroactive to a date well prior, the-

oretically, to any criminal activity, then is the nullification or the presumption of advancement also retroactive?

Hon. C. James: I think that the easiest way is to say that there wouldn't be a time. This isn't about time. This is about proving whether the property was given as a gift or not. There's not a time frame around that. It's up to the individual. They're now in court. They're now going through the process. They're saying that they gave something as a gift. They would need to prove that. It would be based on the facts, not a timeline around that.

S. Cadieux: Okay. So does this have any further-reaching implications — the retroactivity of section 80 — on going back after assets that may have been pre-emptively attempted to be shielded? This piece says that now you have to prove, in fact, that that asset we're looking at that you transferred ten years ago as a gift was actually a gift. Does that have any further-reaching implications for common law respecting transfers of property if this is in place?

[3:45 p.m.]

Hon. C. James: I think there are two different processes we're talking about here, and it might help. This is not about the freezing of property. This would be after the order was in place and the person was found guilty. In the freezing of property, you often will see the commission going forward and arguing: "This was given as a gift, and it was under value, and therefore, the property should be frozen."

In the example in this section, you're talking about an individual who transferred their property. So A person transferred to B person their property, and then B is in court arguing a third transfer. The person who that property was transferred to by the guilty party, so to speak, will go into court and argue that they transferred it to C as a gift. This is basically saying: "You have to prove that. You have to prove that to us."

Again, this is civil forfeiture language as well. That's the section that's here. It's basically to say: "You have to show that. Show us it was a legitimate gift, and prove that to us in court."

Sections 80 and 81 approved.

On section 82.

S. Bond: I just have a quick question. Actually, sections 81, 82 and 83 all talk about the commission extending a period during which a decision to review a matter may be made. In the case of 82, it's "may extend a period during which a decision to review a matter may be made by the executive director." So timelines are important.

Can the minister explain — we can do it in 82, but it's also reflected in 81 and 83 — what prompted the need for there to be a potential extension of time frames, I'm assuming, for reviews that are taking place? And the commission or the executive director actually gets to decide whether there needs to be an extension. Could the minister explain why that's necessary?

[3:50 p.m.]

Hon. C. James: This, in fact, gives more time for individuals to bring forward concerns and complaints. This allows the commission the ability to be able to hear complaints and appeals by individuals about other bodies like IIROC and other bodies. This just gives them an extension of that time. It actually provides more ability for people to be able to bring those forward.

S. Bond: Once again, perhaps looking at it from the person who's under scrutiny, from their perspective, that may well be the reason they'd want to extend the review time, to assist in the due process for those, the various steps that the person can take.

Okay, the minister is nodding. So with that, I'll sit.

Hon. C. James: This is about procedural fairness and ensuring that procedural fairness is there.

Section 82 approved.

On section 83.

M. Lee: I wanted to just take this opportunity, appreciating that there is one amendment by way of extension of time, as the member for Prince George–Valemount just addressed. In the context of review of this section and understanding that part 19.1 relates to interjurisdictional cooperation, I wanted to ask the minister. In view of the discussion we had both at second reading and earlier at the beginning of committee stage on this bill, are there any other provisions that are necessary to be amended or considered in the context of the continued effort that we've been discussing relating to putting in place a cooperative capital markets regulator?

Hon. C. James: No, we don't foresee other pieces. But I think it is important — and we've already passed the section — to recognize that we have, in fact, adopted a provision for automatic reciprocal orders, which, again, will assist when we're taking a look at measures to improve enforcement. That's a section that we have in our act, that Ontario has in their act, Alberta has in their act and will be part of the cooperative capital.

We've talked through the process of committee stage on the bill that there are a number of provisions that we, in fact, think are inching closer to the cooperatives act. That would be another example of that.

Section 83 approved.

On section 84.

[3:55 p.m.]

S. Bond: This is the section…. It covers a number of areas, but I think the one we want to canvass is the section which creates, basically, a whistle-blower protection in this section. Can the minister describe for us what sort of consequences there are? It clearly lays out that a person must not face reprisal if they step forward and bring information forward. There's a list of things that are prohibited — disciplinary measures, demotions, terminations, etc.

Could the minister describe what consequences there are if that is not adhered to? If someone decides to, in some way, impact the person, the whistle-blower who has come forward, what are the consequences for that offence?

Hon. C. James: This would be a contravention of the act if they violated this, which means that an administrative penalty, a fine, would apply.

S. Bond: Thank you to the minister for that response.

Again, we mentioned this yesterday or the day before when we spent the day together on this bill. We talked a little bit about the extra work expectations of the B.C. Securities Commission. Now, obviously, there will be whistle-blowers, and, rightly so, there will be a program of protection.

Does the minister anticipate that the B.C. Securities Commission will require any extra resources to manage this program? If so, where does that revenue…? Where do those resources come from?

Hon. C. James: The member is right. We've canvassed this. I think, again, as some of these provisions are new, these are pieces that we'll monitor. At this point, again, certainly, the Securities Commission feels that this will give them some additional tools and will be able to move along the investigations and won't add a huge extra burden. In fact, this may speed things up and may provide the opportunity to actually more efficiently be able to collect fines. So it's not seen as a large staff requirement. But certainly, we'll have to monitor as we go along.

S. Bond: Thank you to the minister.

[4:00 p.m.]

Are any resources that may be dedicated to a whistle-blower program…? Would any additional funds be contingent on fine revenue? Is there an assumption that…? Hopefully, there will be a better success rate at collecting those fines. Would the resources for the whistle-blower program, then, be contingent on fine collection?

Hon. C. James: No, the program is not contingent on collecting additional fines.

Sections 84 to 91 inclusive approved.

On section 92.

M. Lee: I would just like to ask the minister…. This is obviously extending and adding additional regulatory-making powers and authorizations in respect of implementing the amendments to this bill and operationalizing it with regulation. Can I ask: what other consultations are intended to be conducted prior to making any of these regulations with respect to the financial sector?

Hon. C. James: Maybe I'll just run through the process that occurs. Prior to developing the rules, the policy issue would come to the minister, whoever the minister is. The minister would approve the policy issue. Then they're required to consult. That's actually a requirement for each of the rules. It's a minimum of 60 days, but the average that they usually consult is 90 days. In fact, they can go beyond 90 days, and that's occurred as well. And then the final rule comes to the minister. So in fact, a requirement is there around consultation.

M. Lee: Thank you for the response. Have there been any consultations done to date with the securities industry?

Hon. C. James: On what issue? Sorry.

M. Lee: In respect of the changes in this bill.

[4:05 p.m.]

Hon. C. James: Thank you for the clarification. Many of the changes in this bill, as we've talked about as we've gone through this process, are part of the CMA process, so in fact have had extensive consultation. Derivatives, for example — it's been over a decade. Benchmarks, for example, are out for consultation now. So a number of these pieces have already been part of the consultation through the CMA process or have had a longer period of consultation, like the derivatives piece, or are out for consultation currently.

M. Lee: I wanted to ask specifically around the changes proposed on reg 92 — well, sub 183(f). This would enable, by regulation, that "prescribing circumstances in which an offer to acquire…business combination or related party transaction must not proceed…" without the approval of security holders.

What's the purpose of this provision in terms of the Securities Act as compared with other requirements — for example, under the Toronto Stock Exchange or under the applicable OSC rule?

Hon. C. James: There isn't a current rule in British Columbia, but there is a multilateral instrument that is enforced now. This would give the regulatory ability to be able to go out and consult on that and implement that multilateral instrument in British Columbia as well, if we so chose.

M. Lee: But it is correct today, though, for a B.C.-based issuer, where it's a reporting issuer in British Columbia and

in Ontario, that it needs to comply with 61-101. Is that not correct?

Hon. C. James: That wouldn't apply in B.C. if they're operating now. It's not enforced in B.C. It certainly is enforced in Ontario, but that's part of, as I said, the regulatory ability.

M. Lee: This is a topic that we did cover in part in committee a few days ago, which is this continual effort to build out, let's say, further securities regulations here in British Columbia when there are clearly existing rules relating to related-party transactions or business combinations for B.C.-based issuers. Unless…. Typically, they are having to comply because they're listed on the Toronto Stock Exchange. There are rules on the TSX which are related to regulations that are also being added, I see, on this list, as well as in Ontario, because presumably, they are needing to sell into Ontario on that marketplace.

[4:10 p.m.]

I'm just wondering, as we go through this near the end of this bill review here…. This is another example where the B.C. Securities Commission is, presumably, going to be expending effort to build out those further regulations. What will be envisioned in terms of the scope, let's say, of this build-out, pursuant to this regulation?

Hon. C. James: The member is right. We've had a good discussion around this issue of the cooperative capital market and the opportunities that, in fact, the amendments provide us. Again, I think that's part of looking at giving the ability of a regulatory authority to be able to take a look at things like a multilateral instrument as an ability to help us move ahead on the cooperatives capital market. Inching us forward, moving us forward — that's, in fact, the purpose of many of these changes.

M. Lee: Well, one of the questions I was going to raise…. I'll raise it in this context, just to understand the thinking of the government and the approach that's being utilized here. We've of course spent a great deal of time on this bill talking about the enforcement measures — as my colleagues, the member for Surrey South and the member for Prince George–Valemount, have done in great detail.

We also need to understand, though…. Apart from this government's focus around capturing or catching bad actors, what is the government's view in terms of continuing to support B.C.-based issuers in this province so that they can continue to access capital markets in an efficient, effective manner in view of these greater regulation-making powers that are being ascribed to under the Securities Act?

Hon. C. James: Just speaking to the regulatory powers, this section we're on now, in fact, provides the opportunity for the commission to be able to adopt things like the multilateral instrument. It gives us a chance to be able to make those changes that need to occur to in fact move us towards a cooperatives capital market and provide an opportunity for our issuers or for investors in British Columbia to be part of that process. In fact, the regulatory powers give us that strength and give us the ability to be able to do that.

I think the multilateral instrument is an example of that kind of work that could occur and will occur through regulatory powers.

M. Lee: Well, just coming back to the example first, then: what does the Securities Commission envision in terms of adoption of multilateral instrument 61-101? What will that look like in the context of B.C.?

Hon. C. James: Obviously, the process would have to be the process that I outlined earlier for the member. The policy would have to come forward to myself as minister. There would be a consultation process. I'm not going to second-guess what feedback might be given during the consultation process, but there would be a consultation process. The final rule would come forward, and it would provide an opportunity, as I said, for us to have a coordinated approach in more provinces as we move towards the cooperative capitals market.

M. Lee: In the nature of it, this is a fairly significant aspect, I would say, in terms of regulation of B.C-based issuers. Related-party transactions and business combination rules are fundamental to how a company can grow, obtain more capital, attain greater investment and deal with building its company. So it's very important that we understand the approach of the commission.

[4:15 p.m.]

Would there be, in this response, then, an avenue where there'd be opportunity for differences from 61-101? Am I hearing that from the minister in this context?

Hon. C. James: Well, I think it's important to note there is a consultation process. So there is an opportunity for differences to be discussed. That's why you do a consultation. You wouldn't go out on a consultation and say: "This is what we're doing, no matter what." There would be no point to the consultation. Certainly, there would be a discussion about differences.

I think the member has seen in the discussion on this bill that many pieces of the recommendations that have come forward, many of the amendments that are in here, are in fact amendments that mirror the kinds of pieces that are already in the draft act that's out there and are already adopted by other provinces.

M. Lee: I think this takes us back to square one, with respect. I know that when the member for West Vancouver–Capilano started off our discussion so well a number of days ago, we referred back to the patchwork of securities regulation in this country. What I'm hearing from this minister is a continuation of that theme, which is of great concern.

I expect that when we talk to other directors, management teams, investors and public companies here in this province, they will be very concerned to hear this minister talk about that possibility that there'd be differences from 61-101.

Now, maybe for those who don't have 61-101 in their vocabulary, it is a critical instrument that governs public companies here in this province. If there is going to be any consideration of changes or differences in British Columbia to that instrument, that will, in effect, make our markets less efficient and less effective as we go forward. I think it's very important that this government proceed with caution.

As I say, when I look at the back end of regulation-making powers at the end of this long bill, this is the effort we're talking about. We had said from the beginning, since last May, that this government should have been focused on the effort to close out the opportunity to have a cooperative capital markets regulator in place, yet we are looking at, at the back end of this bill, further regulation-making powers that could propose differences. I think that's a concern.

Let me ask some other questions related to this. When we look at paragraphs (g) and (h), where are the current rules relating to these matters within securities laws in British Columbia? What rules would be applying?

Hon. C. James: This gives rule-making authority. There aren't existing rules. Again, I want to come back to the discussion. I don't think we need to repeat the discussion we've had over the last few days. But as we've already talked about, many of these amendments that are in this act are, in fact, part of the cooperative capital act. They're part of the draft. That's why we've been bringing them forward.

The member speaks about consultation and asked directly whether there would be a discussion of differences. There's always the opportunity for people to bring forward their differences. In the end, I think, as the member has seen through this act, the changes that it's bringing forward are looking at eliminating the patchwork. They're looking at coordinating the kind of work that needs to occur across this country.

I think it's important to just put that on the record again, as it was part of our discussion at the very beginning. That is, in fact, the aim of the changes that are coming forward.

M. Lee: We're here, of course, to get clarity and understanding in terms of the legislation that the government brings forward. That's the role that we're playing in this committee stage, as we would with any bill, as we will see with future bills.

[4:20 p.m.]

I'd like to ask, in respect of national instrument 54-101, in terms of paragraph (g)…. When we talk about "prescribing restrictions or requirements relating to the solicitation, collection, submission, tabulation or validation of proxy votes and voting instructions," again, I would ask the minister: is that not covered under any part of national instrument 54-101?

Hon. C. James: In fact, the commission has the authority to be able to make that rule, to be able to look at the national rule, to be able to make that rule here in British Columbia.

M. Lee: I'm just questioning why it is that this commission, under this act, needs this regulation when we already have a national instrument in place, when every issuer that I'm aware of, certainly in British Columbia, would need to comply with that national instrument. Don't we already have that in place?

[4:25 p.m.]

Hon. C. James: The member is right. There are rule-making powers that exist with the B.C. Securities Commission, but this provides…. This is certainly the advice that we've been given — that we should ensure that there is further legislative authority to adopt rules related to the specific areas that are listed in this section. That's what this does. It provides the opportunity, then, as the member has mentioned, around national rules. It provides the opportunity and further legislative authority to adopt rules, which may be national rules, related to the things that are listed in this section.

M. Lee: I'm still troubled by the response. I understand what was said in the minister's response. But we have an existing national instrument that transfer agents — bodies like Computershare — others, as trustees; securities registration; the industry; investment banks; and financial institutions are familiar with in terms of how proxy solicitation, tabulation, validation, voting instructions are done. That is in place. That is coordinated in an understandable fashion through a national instrument across Canada and into the Toronto Stock Exchange.

I am still not hearing why it is that British Columbia sees the need to prescribe its own set of rules in respect of the same matters. Will we not be adhering to the same national instrument, which is the reason why…? When we talk about the need for a national securities regulator, we have national instruments in place. So why is it that British Columbia needs to develop its own rules?

[4:30 p.m.]

[J. Isaacs in the chair.]

Hon. C. James: The important piece here is that this is about regulatory authority. This is about regulatory ability. It's not about whether we adopt our own rule in British Columbia or whether we adopt a national rule. This is about giving the commission the ability — the regulatory authority, the reg-making ability in place — so that if there are future rules that the commission wants to put in place, they have the regulatory authority to do that.

Does that mean that we'll create our own rule and not adopt a national rule? No, it doesn't mean that at all. In fact, the commission is committed to harmonizing the rules.

That's part of their mandate. It's part of the work we're doing. We talked about how, when it comes to the cooperative capital market, that is, in fact, part of the requirement and part of the direction of the commission.

This is simply about regulatory authority being put in place for future rules that the commission wants to adopt, including, as I said, the kinds of harmonization that we believe will occur as we move to the cooperatives capital act.

M. Lee: I appreciate that government can choose to impose more regulations for future use for contemplations and purposes that are not yet known at this time. But really, is that what we're here to do? I am merely indicating that currently, nothing is broken in this one particular area.

We're talking about the area of securities regulation. Public companies — how you communicate with your shareholders, ensure that they vote for your directors and ensure that, when they vote for a corporate transaction, you're getting evidence of their approval. These are pretty fundamental things. It's not new, yet we're here looking at legislation that's adding regulation on top of regulation on top of regulation under the narrative that this government has put forward.

I fail to see the understanding of the importance of ensuring that we have securities regulations that work for B.C.-based issuers: forestry companies, mining companies, companies in the technology sector — technology companies that want to have British Columbia as the centre and want to locate their head office here.

Not every technology company is a public company. They don't want to subject themselves to that. But those that do, those that have been, those that have gone there — like MacDonald, Dettwiler; QLT; Ballard Power Systems; Westport Innovations, in my riding — companies that need to access public markets…. Yet we continue to see, from this government, a real lack of understanding of the importance of ensuring that we put in place a cooperative capital markets regulator when their existing national instrument is dealing with the very thing that they're adding a regulation to.

I think I've made my point. Perhaps I will just go on to this other part, which is section (h).

[4:35 p.m.]

We talked before about the need to regulate related party transactions and where there are certain approvals that may be conflicts of interest. Again, I will ask: are there not already existing regulations and rules that B.C. companies need to comply with, whether it's under the Business Corporations Act or the rules of the TSX Exchange, if they are listed on the Toronto Stock Exchange, or any other national instrument or Ontario securities rule, because many issuers are reporting in Ontario as well?

Hon. C. James: This, in fact, gives the ability for the commission to be able to adopt national rules. It, in fact, gives the authority to the commission to be able to do just that.

M. Lee: I understand that the minister has indicated that before in her responses to my questions. Just to go to that point, isn't it the case, though, regardless of whether the commission adopts certain national instruments rules, that B.C. issuers still need to comply with those national instruments?

Hon. C. James: In fact, this is looking at harmonizing the rules. This is looking at creating a single, consistent rule book across the country — exactly the area that the member is talking about wanting. This provides the opportunity for B.C. to adopt national rules to be able to then have someone who is operating in the country…. Yes, they have to follow the national rule, operating out of their provinces, looking at British Columbia and being able to then see in British Columbia that, yes, we have harmonization. Yes, we're getting rid of the patchwork. And yes, they have common rules.

M. Lee: I appreciate that we may be talking at cross-purposes here in many respects. I would just say that as we look at regulation-making power, my concern is when the commission and this government are looking at establishing new rules taking advantage of this regulation-making power. If it is merely adopting a national instrument or a multilateral instrument in totality, that may be one thing. But where, as a result of consultation or some other objective, there are different rules structured in this province, I think that's where it becomes a real challenge.

But let me leave that topic, because I know we're near the end of our committee stage on this bill, and just say this. On committee stage, we had some discussion last about the performance of the Securities Commission in the context of looking at enforcement and collection of penalties.

To preface my question, I just want to share, for the record, that there have been media reports that I have now seen relating to the collection rate by the Ontario Securities Commission, for example — that it had a collection rate of about 18 percent in the past decade. But it has been commented in the media that there's still $370 million in uncollected fines.

[4:40 p.m.]

For Alberta, it has been about an 18 percent collection rate over the past decade, with $56 million outstanding in penalties. In Quebec, it's a 20 percent collection rate in the past four years on $35 million in fines.

Obviously, there may be some clarity needed for those figures. But it does give this House a sense of the difference in performance when we look at the British Columbia Securities Commission and the discussion we were having when the chair of the commission was at the side of the Minister of Finance and, presumably, providing support in understanding where the level of performance is with the commission at the current outstanding $500 million figure.

Now, I just ask whether, again, the minister sees the continued challenge relating to the delay in putting in place that national securities regulator and how that may well undermine all of the provisions and the new enforcement meas-

ures that are set out in this bill that we're about to proceed with completion of at committee stage. Is there a concern, to the minister, that continued delay will only lead to a lack of ability to continue to enforce, to provide effective enforcement, against securities fraud in this province?

Hon. C. James: This has been, certainly, a topic of discussion over the committee stage of this bill. I think it's important to note and repeat again — this was part of our discussion at the very beginning — that, in fact, we continue to do the work with the cooperative capital group. We continue to do the work around a national regulator.

That work, as I expressed last spring, slowed down for a number of reasons. We've had a change in provincial governments. We've had a change in the federal government. There was a court case outstanding. That work is going to pick up again now that we have a federal government in place, and that work will continue.

That does not mean that we should stop and not make changes that we believe will, in fact, help collect fines, that will, in fact, help improve the kind of performance that's there. That's exactly the reason that some of these amendments are coming forward. They give us an opportunity to be able to look at coordination, wherever possible. They move us towards getting rid of that patchwork.

As I've mentioned, there are a number of changes within this bill that, in fact, will mirror and do mirror now the draft cooperatives capital act that is out there. I believe we are moving ahead in a way that makes sense for people in British Columbia by ensuring we're doing our part to be able to collect those fines. We are taking our responsibility as government seriously, and we are moving towards the kind of coordination that occurs.

It's not an either-or. If the cooperative capital market work had taken place two years ago, when we had the opportunity to say the market is complete and is ready, it would be a completely different story. But we're not at that place. This is work that occurred before my time but, certainly, is work that needs to continue. So from my perspective, we are, in fact, meeting both goals that are critically important. Most important for the people of this province, we're doing our part to make sure the enforcement is being strengthened so we can address the issue for victims in British Columbia.

M. Lee: I appreciate the Minister of Finance restating her commitment to moving forward with ensuring that a cooperative capital markets regulator is put in place. Could I ask the minister, just in closing…? Recognizing that she reconfirmed that British Columbia remains a co-lead for this process, is the minister prepared to provide a commitment as to the timeline as to when this work will be completed by?

Hon. C. James: We've answered this question. We've gone through this debate. As I said to the member, we had no federal government in place. We've had a change in provincial governments. We will continue that work. I expect that a call will happen soon. We'll be talking about the timelines, and I'll report out when we're able.

M. Lee: I appreciate that response. I hope that you will do what you just said, which is report out on the status of the work once that next call is held with all the other regulators.

Sections 92 to 101 inclusive approved.

Schedule approved.

Title approved.

[4:45 p.m.]

S. Cadieux: I just want to take this opportunity to thank the minister and staff for this extensive conversation on a very technical piece of legislation that is, indeed — using the minister's own words, I believe — introducing some pretty extraordinary measures that don't exist other places in the country.

We have raised our concerns about some of the prospective things that could happen as a result, some things that, maybe, we think could potentially be going too far. However, that said, we do support the intent of the changes to the legislation and efforts to improve the commission's ability to respond to fraud in our marketplace and to do a better job of regulating securities and going after bad actors and, certainly, don't want to stand in the way of that.

We do think, however, that it was important to raise a number of issues here in this debate in committee stage for the purposes of ensuring that all of the potential consequences of some of these actions, including going ahead of other parts of the country…. It was important. We've, I believe, raised our voices enough to explain that we are very concerned about the ability of the province to continue to lead in relation to that national effort. We will keep our eyes peeled and respect that the minister has said that she will report on that progress.

With that, I'd like to again thank the minister and staff for the time spent.

Hon. C. James: Thank you to the members for the questions. Thank you for the opportunity to go through committee stage, to my critic.

Thank you, before they depart, to staff, as well — Joey Primeau, Tim Prisiak and Anita Kataoka — who really have done an extraordinary job. As the member has said, this is a very technical bill. I think the opportunity to walk through it and provide an opportunity to be able to have a common understanding of the changes that are here is critical work. So I'd like to express my appreciation to the team here and the team back at the office as well, who I know have put in a great deal of work on this bill.

I'll wait and let the staff move and then move a motion.

Hon. C. James: I move that the committee rise and report the bill complete without amendment.

Motion approved.

The committee rose at 4:49 p.m.

The House resumed; Mr. Speaker in the chair.

[4:50 p.m.]

Report and Third Reading of Bills

BILL 33 — SECURITIES AMENDMENT ACT, 2019

Bill 33 — Securities Amendment Act, 2019, reported complete without amendment, read a third time and passed.

Hon. M. Farnworth: Noting it being ten to five and that the Lieutenant-Governor will be here in about ten minutes, I propose we take a recess until she gets here and then continue our business after that.

Mr. Speaker: This House stands recessed for eight minutes.

The House recessed from 4:51 p.m. to 5 p.m.

[Mr. Speaker in the chair.]

Mr. Speaker: Members, I'm advised that the Hon. Janet Austin, Lieutenant-Governor, is in the precinct. Please remain in your seats.

Her Honour the Lieutenant-Governor requested to attend the House, was admitted to the chamber and took her seat on the throne.

Royal Assent to Bills

Acting Clerk:

Community Safety Amendment Act, 2019

Miscellaneous Statutes Amendment Act (No. 2), 2019

Gaming Control Amendment Act, 2019

Ukrainian Famine and Genocide (Holodomor) Memorial Day Act

In Her Majesty's name, Her Honour the Lieutenant-Governor doth assent to these acts.

Hon. J. Austin (Lieutenant-Governor): Thank you, Kate.

[5:05 p.m.]

Thank you all for your always splendid work. It gives me such a pleasure to come and join you and to just thank you for the work that you do together on behalf of all British Columbians. I wish you every possible success and satisfaction in the work that lies ahead, and I thank you for your splendid work. I do appreciate the privilege of being among so many people for whom I have the greatest respect and admiration.

Hay'sxw'qa. Thank you.

Her Honour the Lieutenant-Governor retired from the chamber.

[Mr. Speaker in the chair.]

Hon. M. Farnworth: I call second reading of Bill 37, Financial Institutions Amendment Act.

Second Reading of Bills

BILL 37 — FINANCIAL INSTITUTIONS AMENDMENT ACT, 2019

Hon. C. James: I move that Bill 37 be read a second time now.

The Financial Institutions Amendment Act, 2019, amends the Financial Institutions Act and the Credit Union Incorporation Act. The purpose is to modernize the legislative framework, to enhance consumer protections and to help maintain public confidence in B.C.'s financial institutions.

The Financial Institutions Act provides the regulatory framework for credit unions, insurance companies, intermediaries and trust companies — for those wondering what the Financial Institutions Act covers — and the Credit Union Incorporation Act provides the framework for incorporation and corporate governance of credit unions.

To ensure that the regulatory framework continues to be effective, efficient and modern, both the Financial Institutions Act and the Credit Union Incorporation Act require that a review of the legislation be initiated every ten years. The current review began when the Ministry of Finance released a public consultation paper which raised issues for discussion and consideration, in 2015. That was the first opportunity for people to give feedback on a paper on public consultation.

[5:10 p.m.]

The second consultation paper identified proposed policy and legislative changes, and it was released in the spring of 2018. So I think, again, that it's just important to note that the opportunities for consultation have been lengthy, have been timely, since 2015. We've certainly been having discussions.

Again, important to note that the amendments that are coming forward to both these acts — to the Financial Institutions Act and the Credit Union Incorporation Act — are the result of very careful analysis and feedback that has been received, mainly from the credit union system and individual credit unions themselves, who I want to say thank you to for providing feedback; the insurance sector and intermediary organizations, who, again, provided very important feedback to this bill; public sector organizations, who also

gave feedback; then, of course, businesses themselves; banking institutions and other organizations; and some individuals. Yes, there were individuals who also provided feedback.

The majority of feedback, of course, came from the structures that are impacted by these bills. But we did, in fact, have public consultation as well.

[J. Isaacs in the chair.]

The Financial Institutions Amendment Act provides rulemaking authority for the B.C. Financial Services Authority. A new acronym for everybody to learn: BCFSA, which was FICOM, now will be BCFSA. That will be the regulatory and financial institution. This will be consistent with the authorities already in place for other provincial regulators, like the Securities Commission, which we have just finished talking about, and the Insurance Council.

This will also update the legislation to use more technologically neutral language. It will require codes of market conduct to be adopted by financial institutions. That's critical when it comes to consumer fairness and making sure that we're protecting consumers, that they're being treated fairly. It will update and modernize the regulators' investigative powers, which, again, is a critical piece that's important.

The bill also proposed an amendment — it's a piece that I want to take a few minutes on — in the Financial Institutions Act to provide further protections to supervisory information. This is a piece that was critical, coming from the financial institutions organizations, to enhance the quality and timeliness of information that's provided to the regulator. Information is critical to come to the regulator. Obviously, if you're regulating organizations, it's important to make sure that you get timely and fulsome information.

The amendment that was proposed in this legislation would have required an override from the application of the Freedom of Information and Protection of Privacy Act. We did go through a process of consulting the privacy, compliance and training branch during the development of this legislation. They supported the proposed amendment to section 218 because they understood the importance of the override in FOIPPA to ensure that the regulator could receive that information. As I said, this was critical — to be able to ensure that they could properly regulate to receive that sensitive information.

We also, as is done, provided the Office of the Information and Privacy Commissioner with a draft of the legislation, and as the legislation was brought forward, the Office of the Information and Privacy Commissioner indicated that they didn't support the proposed FOIPPA override that was in the legislation. Members will know, because it's on the order paper, that in response to the commissioner's concerns, a House amendment has been proposed — and is on the order paper, as I mentioned — to section 51 of the bill, which amended that. It will no longer include the override from the application of FOIPPA.

Again, we will continue to work with the sector. We'll continue to work with the regulators to look at how we ensure that information that's provided is timely, how we ensure that information that comes forward will be protected and how we ensure that the information comes to the regulator to be able to regulate.

[5:15 p.m.]

In closing, credit unions, insurers and trusts are all critical to our B.C. economy. I think that I don't need to run through the statistics around the positive impact of credit unions and others in our province — often the only financial institution in communities, often the institution that has a deeper connection to the community. Whether it's through charity work, whether it's through support for not-for-profit organizations, whether it's through their contributions that they make in communities, whether it's supporting businesses that keep our economy going, credit unions play a critical role when it comes to B.C.'s economy.

There are continued changes, just as there are in all parts of our world, when it comes to the financial world, when it comes to technological changes, when it comes to global impacts. So the changes in this bill, we believe, will ensure that the legislative framework is going to keep pace with those kinds of changes.

I look forward to the members' comments on second reading. I know we'll have an opportunity, as we get into the committee stage, to have a more in-depth discussion about the changes that are here. But I believe they strike that balance of ensuring that we support the financial institutions — credit unions, insurers, etc. — in our province and provide consumer protection and a good strong regulatory framework to ensure that that happens for the people of British Columbia.

R. Sultan: I'm pleased to participate in the debate on Bill 37, intituled the Financial Institutions Amendment Act, 2019. Bill 37 will amend the Financial Institutions Act of 1996.

The government is setting out to update and improve the statutory framework for three categories of very important provincial institutions. It refers and pertains to trust companies, insurance companies and credit unions. As a consequence, this is actually a very important bill in the working of our economy and the impact it has on our lives.

Why is this legislation being brought forward? Well, we can surmise that the government is setting out on this task because of the many benefits to consumers and to the economy from the diversity and competition we enjoy in the British Columbia financial sector, but also because of the risks inherent in that sector and the need to regulate its institutions, which unfortunately do not have an unblemished record if left alone to govern themselves. In other words, there is a public need for regulation.

The existing law is some 23 years old, dealing with an industry experiencing considerable change and upset, technical innovation and turmoil. Thus, this bill has the potential to help strengthen these institutions, and this is

a good thing. Of course, the amending bill is not without its occasional lapses of oversight. I will offer some suggestions in that regard.

I will focus my remarks on credit unions. Credit unions have come a long way from when I, as a student attending university, visited a small one-person basement office next to the furnace room — very dark down there — to finance the purchase of a Volkswagen with an air-cooled, very small engine and no gas gauge for a few hundred bucks. It had all the sophistication, this transaction, of a visit to the corner store.

Fast-forward to 2019. Credit unions today offer product lines encompassing, for example — and I'm sure my list will not be complete — chequing and savings accounts; car loans; mortgage loans; small business loans; medium-size business loans; wealth management; mutual funds; branch banking; ATMs; seamless personalized service, which they argue is their hallmark; and even foreign exchange transactions.

They have grown to be quite large. The Vancity credit union, our largest, headed by a former deputy minister of Finance of this institution, has 59 branches and half a million members — shareholders as well as customers — enjoys profits of about $24 million and has assets of almost $30 billion.

[5:20 p.m.]

Closer to home, in my communities on the North Shore of Vancouver, you will find BlueShore Financial, which used to go under the name North Shore Credit Union. It's been rebranded, which is a sign of the times. It's about one-fifth the size of Vancity and has an aggressive CEO, Chris Catliff, who all of us know well who enjoy life on the North Shore. He and his board appear to be pointing that institution in the direction of interprovincial expansion.

We may compare these leading deposit-taking organizations with our largest federally chartered bank, the Royal Bank of Canada, an organization I have some familiarity with — 1,200 branches, assets of around $1.2 trillion. On any one day, the Royal will switch places with the TD Bank as the largest, most profitable or fastest-growing — pick your statistic — Canadian chartered bank under federal regulation from Ottawa. It's an important distinction from the credit union world we have here in British Columbia, which, of course, is provincially regulated.

As a, what is used in the trade, "systematically important" international financial institution, 50th ranked in the world, as a matter of fact, and perhaps considered by some as what they say is "too big to fail," which means that we cannot allow it to fail because of the damage that it would do, RBC attracts the attention of bank regulators and central banks right around the world. It's become a global institution.

What does Bill 37 do for credit unions here, right close to home? Well, quite a few things. Let me just rattle off a list of the areas touched upon by this amending legislation. It facilitates interprovincial expansion of credit unions. It encourages stronger balance sheets through innovations and capital. It accommodates a larger role for insurance operations, and the melding of insurance and deposit-taking institutions has remained an area of regulatory controversy to some degree.

It allows further government regulatory innovation simply through order-in-council, bypassing our parliament completely. It better defines liquidity in capital, just so there's no confusion. It clarifies responsibilities in the event of liquidation — heaven forbid — but it happens quite often, as a matter of fact. I think we've had, in recent years, 42 Canadian deposit-taking institutions actually fail. So the idea that banks and credit unions never go out of business is simply false.

It requires and compels a code of market conduct which they must have and develop and comply with. It increases customer access to information. It requires the formation and operation of risk management committees, consistent with the sense that we live in riskier times. It curbs non-Canadian extra-provincial credit unions from coming into the province. It endows the regulator with much broader powers of inspection and investigation than the regulator had in the past.

That's quite a long do list, both for the credit unions and for the regulator. But after enumerating this 11-point checklist of what I would call normalcy and prudent, humdrum management, good management, the legislative drafters of Bill 37 — following direct government instructions, no doubt — couldn't resist being entirely, shall we say, mundane and introduced what I would call a bit of legislative quirkiness.

I refer to a clause in Bill 37 which reveals what I suspect is a certain ambivalence, if not outright suspicion, regarding the perils of public engagement with financial institutions. Accordingly, Bill 37 prohibits denial of insurance claims based on "innocent misrepresentations" and "innocent omissions."

[5:25 p.m.]

We all make honest mistakes, and it appears this government proposes to legalize the plea bargaining. Now, I find that interesting. So as an ex-banker — and I have one eye on my watch, which seems to synchronize with the clock on the wall — I feel an obligation to advise that if innocent misrepresentations and innocent omissions become routinely acceptable at, for example, our provincial car insurer — let me emphasize that this bill does not, however, pertain at all to ICBC; I just used that as an example — it's reasonable to predict a torrent of innocent misrepresentations and innocent omissions in our future.

I will conclude by making, also, an interesting observation that the government pulled, as they say — cancelled — a provision from Bill 37 which was a proposed enhancement of the sensible banker rule of "know thy customer." This earlier feature, since dropped, would have strengthened the gathering of information on clients. It was withdrawn, perhaps after some grumbling from the Privacy Commissioner. So one might say that if you have something to hide, best

stick with going to the credit union. You might fare somewhat better.

To sum up this part of my remarks, the strategy underlying this bill is certainly consistent with an overall goal of strengthening what we might call secondary financial institutions in British Columbia, requiring routine risk, reducing analysis and operations — it's only good management — and encouraging well-capitalized growth and competence. In this regard, Bill 37 is to be commended. We need this, and in my further remarks, I will explain why.

But given the hour, I would suggest it might be timely to move adjournment of debate, and I would request to observe my right to continue with my remarks after the break.

R. Sultan moved adjournment of debate.

Motion approved.

Hon. M. Farnworth: Given that this be the start of the two-week break, I move that when the House next adjourns, after the adoption of this motion, it do so stand adjourned until 10 a.m. on Monday, November 18, 2019.

Motion approved.

Hon. M. Farnworth moved adjournment of the House.

Motion approved.

Deputy Speaker: The House is adjourned till November 18, Monday, at 10 a.m.

The House adjourned at 5:28 p.m.

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