

likely that new instruments will appear from time to time and it seems very desirable to be able to rule whether or not they should be regarded as insurable deposits. It is proposed, therefore, to define the kinds of deposits eligible for insurance under by-laws of the Corporation, which will require the approval of the Governor in Council, but they will, of course, include all the usual forms of savings and deposit accounts.

It is expected that the greatest need for the lender of last resort function of the Deposit Insurance Corporation is likely to arise in relation to the demand or quite short-term deposits of insured institutions. To the extent to which the liabilities of financial institutions are of a long-term character, given good management they should be able to protect themselves by holding an appropriate distribution of assets. However, in the case of institutions with very short-term liabilities, it is difficult for them both to make any profit on their operations and to keep enough short-term assets to protect themselves against all emergencies. Even if they maintain high standards of financial management, events taking place elsewhere in the financial system — perhaps outside Canada — can have repercussions that produce serious liquidity problems for them.

MAJOR FEATURES

Turning now to specific measures involved in the proposal to establish the Canada Deposit Insurance Corporation, I shall just mention the major features:

- (1) It is proposed to establish a new crown corporation to be called the Canada Deposit Insurance Corporation. It will be under the management of a board of five directors, including a chairman of proven financial experience from outside the public service to be appointed by Governor in Council. The other four directors will be the Governor of the Bank of Canada, the Deputy Minister of Finance, the Superintendent of Insurance and the Inspector General of Banks.
- (2) Parliament is asked to provide the \$10-million share-capital of the Corporation, and a deposit insurance fund will be built up out of premiums of one-thirtieth of one per cent per annum on the insured deposits of member institutions. When the fund has reached adequate proportions, it is provided that the rate of premiums may be reduced under certain circumstances.
- (3) The Corporation will invest its share-capital and the deposit insurance fund in securities of the Government of Canada. Earnings on these investments will be available to meet operating expenses and, if there is sufficient net income, to pay dividends on its share-capital.
- (4) To enable the Corporation to act as lender of last resort to its members in case of need, either by lending on the security of members' assets or purchasing such assets when that is appropriate, the Government will be authorized to make advances to the Corporation up to a total of \$500 million. Any such advances would be expected to be repaid by the Corporation from recoveries of the assistance provided to its members or from the deposit insurance fund...

ONTARIO INDIANS MEET MINISTER

When Indian Affairs and Northern Development Minister Arthur Laing met recently with a delegation from the Union of Ontario Indians, Chief Wilmer Nadjiwan said that Indians had an agreement with the Canadian Government, which had been signed before the Migratory Birds Convention Act and that, as a centennial project, rights under this treaty should be restored. In reply to another questioner, the Minister said that when the treaty with the United States was signed in 1916, there was a "serious and clumsy oversight" that had the effect of denying Indian rights guaranteed under earlier agreements. Mr. Laing said that discussions were now under way with a view to determining whether the Canadian Government should enter into discussions with the United States to amend the treaty.

The restrictions imposed by the treaty were the main subject of the brief submitted by the Indian group, who also raised with the Minister questions of Indian poverty. Mr. Laing told the group that he accepted their figures on living conditions and said they closely matched departmental figures submitted to the Federal-Provincial Conference on Poverty in the autumn of 1965. He said that education was the key to rising standards and that no Indian living on a reserve today was denied the opportunity of a full education right through university level because of the lack of funds. Mr. Laing said that, in 1945, there were 16,000 Indian children in school and today there are 62,000, including 5,000 in high school of which only 100 Indians were attending in 1945.

EDUCATION

The Minister said that the Department had been able to enhance its programme substantially because the people of Canada were now willing to make budget allowances for the Indian Branch, which, in earlier years, they had been unwilling to do. He reported that the 1966-67 expenditures of the Department would total \$98,600,000, of which \$48 million would be spent for education. He said that in 1945-46, the budget was just over \$6 million and that this sum included Indian health services, which are now paid from other appropriations. A key item in the programme, he said, was to ensure that valuable Indian reserve land is to put its highest economic use to the benefit of the Indian bands. Citing the Musqueam Reserve in his own riding, Mr. Laing told the meeting that, in addition to apartment houses, there were many homes valued at more than \$45,000 being built on the reserve and that this development would assist enormously the Musqueam Indians.

HOUSING

Better housing conditions are another primary need, the Minister said, and we are making progress here too. He told the group that \$112 million in public funds would be spent in the next five years in assisting Indian housing programmes and on roads, electrification and sanitation projects. Mr. Laing said that 1,722 new housing units would be added in this fiscal year, making a total of over 3,000 units.