

Financial Institutions

For that reason I think the Hon. Member's motion should be very seriously considered. Some of the measures that we have taken in the past few years have taken a lot of taxpayers' money, that of financial institutions, and a lot more time, effort, and money than would this simple measure which the Hon. Member is proposing.

On March 25, 1985, the Conservative Government announced its bail-out of the Canadian Commercial Bank of \$225 million. That Bill received Royal Assent on March 29 because the House co-operated as we were facing what was then an almost unheard of situation, the risk of the failure of a Canadian bank. That \$225 million was made up of contributions from banks, from two provinces, and from the Government of Canada. At the end of August, 1985, the Bank of Canada advanced over \$500 million to the Northland Bank.

Bank of Canada advances to the Canadian Commercial Bank totalled \$1.3 billion by this time. However, this assistance was all for nothing because on September 1, 1985, the Minister of State for financial institutions announced that the Canadian Commercial Bank would go into liquidation, and it was later followed by the Northland Bank.

At that time the Government introduced legislation to reimburse fully those depositors of the Canadian Commercial Bank and the Northland Bank whose holdings exceeded the insurable limit of \$60,000. However, there were some people who held instruments which were not insured at all. We have seen massive investment of public money in order to assist people who found themselves with uninsured deposits or only partially insured deposits when a financial institution failed.

The proposal of the Hon. Member would make it very clear to consumers if they are buying into something which is not insured. That, of course, would affect consumers' choices. For this reason, I think this motion should be considered very carefully. The Hon. Member has suggested that this be done in association with the provinces. Clearly that is very important because some of the failures which have caused such anguish to people have in fact been of provincially registered institutions.

I will not delay this any more as I know other Members wish to speak. In spite of what the government Member who just spoke said, I think this proposal has merit and I would like to see it referred to the Standing Committee on Finance and Economic Affairs.

Mr. John Oostrom (Willowdale): Mr. Speaker, the motion of the Hon. Member for Kamloops—Shuswap (Mr. Riis) gives me a welcome opportunity to address a number of my own concerns which I know are shared by other Members as well as by the Government. I think it is particularly appropriate to be looking at the question of consumer protection—whether by the CDIC or by other means—at a time when the process of reform of the financial sector is well under way.

We all know of the situations which have come to light over the last few years which made it clear that changes had to be

made to protect the interests of consumers, depositors and others. Even though the Principal Group affair is entirely within provincial jurisdiction, it reminds us that we must always be vigilant, always concerned for the legitimate interests of the people who use our financial system.

As the Hon. Member for LaSalle (Mr. Lanthier) has pointed out, and as other Members know, the Government has already undertaken a number of improvements to the CDIC regime. Bill C-42, which was proclaimed in July last year, made three specific improvements to the provisions about which the Hon. Member is most concerned. I believe it has already been pointed out that prior to the passage of this Bill the law prohibited anyone other than a member of the CDIC from representing himself as a member of the CDIC.

We have now entrenched in the legislation existing regulations which ensure that when institutions take deposits which are not insured they must indicate that requirement in writing on the contract. It seems to me that for companies within federal jurisdiction this measure goes almost as far as the Hon. Member's motion if we assume that people signing contracts read them, which surely is not an unreasonable assumption.

Bill C-42 also extended the ban on unauthorized representations of the insured status of institutions or deposits to persons acting as agents for institutions. It also requires that member institutions that solicit funds for investment on behalf of their investment company subsidiaries or other non-members of the CDIC must give notice to potential investors that these funds are not insured by the CDIC.

The Canada Deposit Insurance Corporation covers all federally regulated deposit-taking institutions and the major provincially regulated deposit-taking institutions as well. I think the state of the legislation and regulations which govern these institutions is in an acceptable state.

● (1740)

The motion before us draws attention to other institutions and to other types of involvement than classic deposits. These other institutions and instruments are already around. As the Government's reform of the financial sector continues to be implemented, and as the sector grows accustomed to the new opportunities it has, it will be increasingly important to pay attention to consumer protection.

It does not take a lot, for example, to see that the new networking proposals, which will undoubtedly give new opportunities to institutions and new options to their customers, will also mean that customers will need more knowledge of institutions. We have already seen new links growing between banks, which are members of the CDIC, and securities dealers, which are not. Our reforms will permit even further linkages, but they also provide for protection for customers.

I sincerely hope the legislation on trust and loan companies will be before us very soon. In the meantime, we have been assured that the remaining legislation to implement reform