

Financial Institutions

corporation is looking into a number of techniques for strengthening public knowledge of its activities.

The Government is committed to developing legislation that protects the Canadian consumer. I support the Government's efforts in that regard. I suggest as well that as much as the Government of Canada agrees that there must be as much protection as possible, I do not agree with what I think may be implied in this resolution, that somehow we will take over the area and we ourselves will insure provincial lending institutions. That is wrong and would go too far.

I suggest it is typical of the NDP that on every occasion they want to extend the reach of the federal Government to make us responsible for everything. There is a responsibility for us to take leadership in what is in the federal jurisdiction, to protect consumers. We can and should discuss these matters with the provinces, and the provinces themselves should take steps to ensure that those individuals who lend money and deposit money with provincial institutions are protected. But I will not go that one step further and say that we should somehow get into the business ourselves and that we ourselves should become liable for mistakes made within the provincial lending jurisdiction. That is wrong. That is an unwarranted extension of the federal jurisdiction. I would reject that and would hope the Government itself would reject it.

Again, this is an important area of consumer protection, one that I am very pleased to have been able to comment upon.

[Translation]

Mr. Vincent Della Noce (Parliamentary Secretary to the Secretary of State and Minister Responsible for Multiculturalism): Mr. Speaker, I also want to take this opportunity to respond to the remarks of my colleague from Kamloops—Shuswap (Mr. Riis). I join my colleagues on both sides of the House in welcoming the opportunity to express the concerns that many of us have on an important consumer protection issue.

The key issue which this motion addressed is, of course: How do we go about ensuring that consumers get the information which they need to make sound saving and investment decisions? This question has been in people's minds a great deal since the failure of the Principal Group in Alberta.

As Members of this House all know, the Principal Group affair falls entirely under provincial jurisdiction, given that none of the 127 companies that constituted the Principal Group was federally chartered or regulated. In fact, only one of the Principal Group companies—Principal Saving and Trust—was even a member institution of the Canada Deposit Insurance Corporation, or CDIC.

Nevertheless, I agree with the mover of this motion that the federal Government has a constructive role to play in preventing the types of misunderstanding that occurred all too frequently among clients of the Principal Group.

I am pleased to note that the Government has already taken significant steps in the last few years with these issues in mind. Even prior to the Principal Group failure, the Government implemented a number of measures to ensure that clients of CDIC member institutions received better information.

Several of these were implemented through amendments to the CDIC act in July of last year which banned the agents of member institutions from making unauthorized statements regarding the insured status of the institutions or of any deposits received by them; introduced a requirement that when institutions take deposits which are not insured, they must indicate that fact in writing on the deposit contract; and required member institutions who solicit funds for investment on behalf of their investment company subsidiaries or any other non-member to give notice to investors that such funds are not insured.

These new measures are in addition to the existing prohibition against anyone other than a member institution from representing itself as being insured by the CDIC.

As Members of this House are aware, the Government is also committed to implementing additional consumer protection measures as part of its proposed financial sector reforms.

Mr. Speaker, those measures are especially relevant given the growing trend towards the "networking" of financial services that is financial institutions marketing other institutions' products. I agree with the Minister of State for Finance (Mr. Hockin) when he says, on page 24 of his December 1986 policy paper, that additional measures are needed.

In particular, I agree that rules are needed to ensure that clients of financial institutions are always informed of which financial institution it is that they are actually dealing with and of the presence or absence of deposit insurance coverage on the investments they make.

In conclusion, the measure which the mover of this motion has proposed is one such rule. But it is only one of a number of possible mechanisms for accomplishing this objective. Moreover, it is far from a perfect solution to the problem at hand.

In fact, it could easily create as many new problems as it purports to solve. This is so because, as others have pointed out, it could mislead consumers into believing that there is only one kind of insurance coverage for deposits and deposit-like investments.

In spite of all this, I think that the mover of the motion has the right objective in mind. Therefore, while I cannot support the motion as it currently stands, I support his call for additional efforts on the part of both federal and provincial Governments to take co-ordinated action to prevent the re-emergence of problems similar to those which arose in the Principal Group affair.

Mr. Speaker, I can assure you that our Government is doing everything so that consumers be better protected than ever before. As a consumer advocate who volunteered to uphold