

As long as we insure the deposits, not only those of ordinary Canadians of average income but those of very large depositors, such as large banks and foreign banks, we need effective regulations which turn up the problems before they become too big, because in the end the public is asked to pay.

There is much documentation with regard to the difficulties in terms of our regulations affecting financial institutions. A number of reports have called for broader reform than what is before the House today. We have received a Senate report, a report of the Finance Committee and one by the Wyman committee appointed by the Minister.

We hope to see more fundamental reform coming from the Government. We hope it comes soon. By way of example, we support the recommendation of the Finance Committee which called for a national financial administrative agency which would co-ordinate efforts in the area of the regulation of financial institutions, including the Canada Deposit Insurance Corporation, the Inspector General of Banks and the Department of Insurance which inspects trust companies and loan companies. We await with great interest more fundamental reform coming from the Government.

● (1600)

I want to say at this point that the handling of the collapse of the Canadian Commercial Bank and the Northland Bank has had its negative fall out, particularly for credit unions. They are good financial institutions which have served us well. They represent the value of co-operation, people getting together to solve their own problems. Yet, from the backwash of the problems of the failure of the Canadian Commercial Bank, some people have gone to their credit union to ask: "Are you insured by the Canada Deposit Insurance Corporation?" The credit unions are not. They are sound financial institutions but they are not insured in this way.

Credit unions would like to find some way to be affiliated with the Canada Deposit Insurance Corporation. I do not have a concrete proposal as to how that should be done, but they would like to be affiliated so that they can reassure people of their soundness and so that the Government can see the soundness of these financial institutions. That is something that needs to be on the agenda for the Government when it is considering the reform of financial institutions.

[*Translation*]

Mr. Speaker, I want to say a few words in the other official language. This legislation has two aspects. The first is that it increases the size of the Corporation's board of directors. Now we would like to know why the increase applies only to private sector representation and not to the public sector, such as the Department of Consumer and Corporate Affairs? And why not have consumer representation?

The other specific measure provided under this legislation is an increase in insurance premiums for banks and other financial institutions.

#### *Canada Deposit Insurance Corporation Act*

We would like to know why the Corporation's premiums are being increased without giving the banks the option of cancelling insurance contracts. Why increase the premiums while maintaining the option of giving the banks a discount?

Mr. Speaker, the main issue, as we see it, is that the legislation before the House today raises a number of questions. In fact, it neglects the most important thing that has to be done in the future, which is to carry out a reform of the legislation regulating financial institutions, a thorough reform.

Mr. Speaker, we all know that we have had a lot of problems with the Canadian Commercial Bank and the Northlands Bank. These problems have shown that we ought to review our regulations for the financial sector. Are these regulations effective? Experience has shown that they are very weak. When is the Government going to carry out a reform in this area?

Mr. Speaker, these are some of the things we want this Government to do very soon.

[*English*]

**Mr. Don Blenkarn (Mississauga South):** Mr. Speaker, we have to commend the Government for bringing in this interim measure to bit by bit get control of the problem of the Canada Deposit Insurance Corporation. Members will appreciate that as of the financial end of last year there was roughly \$1.2 billion in anticipated losses and shortage. Obviously, with certain costs expended this year in handling the problems of the Canadian Commercial Bank and the Northland Bank, that shortage will be substantially increased. It is important that premiums, as authorized under the present statute, be increased. That was the reason the House of Commons Finance Committee recommended that the premiums be increased from one-thirtieth of 1 per cent to one-tenth of 1 per cent on an interim basis until such time as a new organization might take a look at the whole matter and determine a premium or a method of getting rid of the enormous liability faced by this deposit insurance account. The Bill, in this sense, follows the suggestion of the House with respect to premiums.

I want to address the House briefly with respect to the question of directors. It is exceptionally important that this corporation have private directors that know their way around the street. Unfortunately, the course of this corporation over its period of existence has been a corporation directed by public servants in Ottawa. As a practical matter it has not even been the Public Service referred to in the Bill. While the governor of the bank, the Superintendent of Insurance, the Inspector General of Banks, the Deputy Minister of Finance, are supposed to be directors, in fact, they send their substitutes. There were really no meetings. There was really no getting down to it and looking at the interests of the corporations. Therefore the corporation, to some extent, was operated almost as a department of Government.

When we had problems with the Crown Trust, Greymac, and the Seaway affair, the Government came to the House and said: "We have a political problem, we are not covering