

HOUSE OF COMMONS

Monday, June 2, 1986

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[Translation]

CANADIAN PARLIAMENTARY DELEGATION

PRESENTATION OF REPORT

Mr. Jim Hawkes (Calgary West): Mr. Speaker, pursuant to Standing Order 101, I have the honour of tabling, in both official languages the report of the official parliamentary delegation that visited Belgium from May 11 to May 17, 1986.

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QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is it agreed?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[English]

CANADA DEPOSIT INSURANCE CORPORATION ACT

MEASURE TO AMEND

Hon. Barbara McDougall (Minister of State (Finance)) moved that Bill C-86, an Act to amend the Canada Deposit Insurance Corporation Act, be read the third time and passed.

She said: I am pleased to be present in the House for third reading of this Bill. I do want to thank Hon. Members who brought the Bill through report stage with responsibility and speed.

As we all know, the Canadian financial system withstood a series of major shocks over the past several years and this has caused concern for many Canadians with savings in financial institutions. Hon. Members are aware that the Government is committed to a revitalization of the economy and that an important aspect of our agenda in this regard is the comprehensive reform of financial institutions legislation. The Government's Green Paper on financial institutions and the

parliamentary reports on financial institution legislation are very important elements of this process. While we are continuing our efforts to develop a broad public policy response to these issues, we must act without delay in dealing with certain specific problems.

[Translation]

The amendments to the Canada Deposit Insurance Corporation Act contained in Bill C-86 are aimed at protecting small depositors, while the proposed regulatory powers would directly contribute towards stabilizing the financial system. In addition, the Bill before the House today increases the number of members of the board of directors of the Canada Deposit Insurance Corporation, which will have up to four additional members from outside the public service. This amendment is the result of a recommendation by the Wyman Committee which suggested increasing the number of private sector representatives on the board of directors of the Corporation.

[English]

The proposal that there be private-sector representation on the board was also supported by the reports prepared by the Senate banking committee as well as the report of the House finance committee. It is anticipated that the private-sector board members will complement the existing public-sector representatives by bringing to the board a wide range of expertise.

As a result of the failure of several financial institutions, the deposit insurance system has experienced substantial losses. The extent of the losses that CDIC absorbed are such that its accumulated financial resources were depleted. Moreover, these losses will continue to impede the restoration of the deposit insurance fund. Indeed, without an increase in insurance premiums, the deposit insurance fund's deficit would continue to increase. This would be true even if the CDIC did not incur any additional losses in the future since funds still have to be borrowed to finance past deficits.

It is my view, and I hope all Members of the House support me in this regard, that the deposit insurance system is far too important an instrument of government policy and public protection to have its ability to meet its mandate threatened. For this reason, Bill C-86 raises the premiums paid by member institutions of the Canada Deposit Insurance Corporation from the present level of one-thirtieth of 1 per cent to one-tenth of 1 per cent of insured deposits. This increase in premium levels would begin the lengthy process of reducing the size of the CDIC deficit.