

Financial Institutions

Mr. Heap: Mr. Speaker, there were in fact dissenters in our caucus who did not vote with the majority of the caucus on the abortion legislation. I wish the Hon. Member who is speaking now would speak to the truth and not misrepresent what has happened in this House.

Mr. Deputy Speaker: The Chair would certainly like to hear a debate about the motion.

Mr. Thacker: Mr. Speaker, I am glad to hear from the House Leader that there was a free vote for the Members who came. If you were not able to vote along with the rest, you stayed away, as the Hon. Member for Spadina (Mr. Heap) indicated. If you disagree in that Party, you stay away.

As I said earlier, I share the concern with respect to Motion 143 of the Hon. Member with respect to the issue of consumer protection in the financial sector. As he is well aware, however, the Government has given this issue a high priority as part of its financial reform package announced in December of 1986. For well over a year the Government has been dealing with this issue directly.

You will recall that last summer two separate pieces of legislation which strengthened consumer protection in the financial sector were passed and proclaimed. First, Bill C-42 made it a statutory requirement for CDIC insured institutions to indicate in writing on the deposit contract when they take uninsured deposits. That was a very good public policy and Parliament agreed with it.

The legislation cleared up the confusion surrounding the prohibition of non-members of the CDIC from representing themselves as being insured by the CDIC. That prohibition applies to institutions and all persons acting as their agents. The legislation goes further. CDIC insured institutions that solicit funds for investment on behalf of their investment company subsidiaries or non-members of the CDIC must give notice to investors that such companies are non-members and that such funds are not insured by the CDIC.

Second, another Bill, Bill C-56, introduced minimum capital requirements for life insurance companies. That will push the insurance industry to develop new forms of insurance to cover deposit-like instruments in the industry. The work is still in progress but it will result in coverage for insurance company annuities similar to the coverage for deposits provided by the CDIC. I am sure you would agree that the solution coming from the private industry where people work 24 hours a day would be much better than us as Members of Parliament trying to impose something from Ottawa. As we all know, we simply cannot cover that myriad of human relations and interactions that occur out there and it is much better if the protection comes from the field rather than from Ottawa.

I can assure the Hon. Member for Kamloops-Shuswap (Mr. Riis) that the Government is moving effectively to deal with potential consumer protection issues as they relate to the Government's remaining legislation on financial reform. That legislation will allow federal financial institutions to offer their

clients a wider range of financial services. In particular, financial institutions will be able to enter into networking arrangements. This will help financial companies to remain competitive at home and abroad. It will improve services to Canadians.

However, these developments also raise concerns with respect to consumer protection since the companies involved in the networking arrangement may not all be members of the CDIC. In view of this fact, the trust and loan companies legislation that we have drafted will enable the Government to make regulations imposing terms and conditions on the networking activities undertaken by these companies. Similar provisions will apply in the new legislation for banks and insurance companies.

I could go on because I have notes covering it, but I know my time has expired and there is another Member who would like to speak on this important issue.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, there is another Member whose duty it is to speak on this issue.

The House of Commons works in wondrous ways. The idea presented to us this afternoon by the Hon. Member for Kamloops-Shuswap (Mr. Riis) is quite simple. Maybe you would not get that from listening to the debate that has now been going on for something like four and a half hours, I believe. The idea is really simple. Someone walks into a deposit-taking institution, a bank or trust company, and puts his hard cash down on the counter. There is a general assumption there that that money will be covered by CDIC or it will be insured. However, there are certain circumstances when it is not insured and what the Hon. Member wants to make sure of is that a person should be told whether or not that particular deposit is insured. In order for them to know he wants them to have to sign a little form, a little waiver or something like that.

It seems to me like a pretty simple idea and all the pros and cons of that could be debated maybe in half an hour at best and then maybe we could have a vote on it. That is not the way the House of Commons operates, unfortunately. It seems like we must have five hours debate on this. I am sure that certain people within the Department of Finance and the Ministry of State for Finance are rather hoping that this matter will die on the *Order Paper* and then our friend can resurrect it in the next Parliament in the unlikely event he is re-elected.

Eventually, I think the idea will come to fruition. Certainly a lot of thought has been given to the whole idea of deposit insurance and making sure that people know what they are getting themselves into when they put that money on the counter.

It is evident from things that have happened in the recent past, with the bankruptcy of trust companies—Principal Trust is a good case in point which has been brought to our attention several times already—where people who thought or had every reason to believe that their deposit was insured found out that it was not. The usual reason was because the deposit was for a