

The draft legislation to increase the powers of federal regulators tabled with Bill C-86 last November is the Government's first step in addressing the issue. The two proposals in Bill C-86 are more in the nature of interim measures. While there appears to be general agreement that CDIC premiums should increase to reflect recent risk experience, it is clear that the proposed increase will not be sufficient to clear the deficit. The assumption appears to be that this increase for one year will ease the deficit somewhat until a long-term solution is found. From the Minister's statements I gather that she is expecting to offer us long-term solutions in the near future.

The House of Commons Finance Committee recommended eliminating the CDIC deficit in 10 to 25 years through surcharges on member institutions. The Senate committee and the Wyman committee both recommended eliminating the deficit in 10 years and separating deficit financing from operational financing. Since the Bill before us is apparently not designed to address the long-term situation of CDIC, these are matters we would do well to keep in mind since the House is sure to be considering the issue again, presumably before this temporary premium increase expires.

The second proposal in the Bill, that to increase the size of the CDIC's board of directors, is a proposal also made by the Wyman committee and the Senate Committee on Banking, Trade and Commerce. The objective here is to have the benefit of private sector expertise on the board of directors. The board as presently constituted has public servants only, with the exception of the chairman. In this case, the information in the Bill is limited and will need to be fleshed out in committee. I hope the Minister will be able to provide the committee with the draft regulations because there are a number of questions that come to mind about the role of these directors and how to ensure that they are people who are close enough to the financial services industry to have practical and useful experience without getting into conflict of interest situations at the same time.

● (1540)

The Wyman committee is against appointing people actively employed in CDIC member institutions, although it recommended the participation of individuals with extensive background in financial services and professional expertise in the areas of real estate, liquidations, corporate and commercial law and accounting. The Senate committee, on the other hand, recommends provincial as well as private sector representation on the board, specifying a 13-member board with industry as well as independent members.

The Bill itself does not make clear just what form the private sector representation will take. However, the Minister's comments during her September 9 appearance before the Finance Committee indicate that the Government's appointments will seek to avoid direct industry participation. At that time the Minister said:

Conditions concerning the eligibility of prospective Board members would be incorporated in the legislation to ensure that conflicts of interest do not arise and that no Board member is associated with any single member institution.

Canada Deposit Insurance Corporation Act

We need to know more about the conditions of eligibility. It is clearly desirable to have private sector experience on the board of directors, but it is difficult to judge just how beneficial or practical this will be without knowing what conditions or constraints the Government will put around the appointment of new board members. I trust that there will be more information forthcoming in committee.

This is not a controversial Bill and, while we have some questions on which we hope to get further information in committee, we will not be putting up very many speakers or holding it in the House for long at this stage.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, we in the New Democratic Party will not be obstructing this legislation in any way. We intend to see that the matter is dealt with expeditiously today so that it can go to committee where the necessary questions can be dealt with.

This legislation deals with the Canada Deposit Insurance Corporation. I know that many Members in the House are quite familiar with this subject but there are others in the public who may not be familiar with the function of the Canada Deposit Insurance Corporation, even in light of the publicity that has swirled around the banks in the last months.

The Canada Deposit Insurance Corporation is a body which insures deposits in banks so that ordinary people will not lose their shift if a bank should fail. Individual accounts are insured to a maximum of \$60,000. That is a worth-while and useful function in a society such as ours which depends so heavily on credit. This is a relatively minor piece of legislation and does not deal with the regulation of financial institutions in any fundamental way.

The purpose of this legislation is twofold. First, it increases the size of the board of directors of Canada Deposit Insurance Corporation from five to nine members. We question why there is such an increase at this stage as well as the fact that the seats will be allocated to private sector members only. Will such appointments be on the basis of merit and knowledge in the financial institutions and concern for consumers in the country or will it be on the basis of partisan political considerations as we have seen lately?

We are concerned that the Bill does not provide any assurance that the best qualified individuals for the job are being appointed. Why can there not be provision in the Bill for these appointments to have parliamentary review before they are made? The Prime Minister (Mr. Mulroney) has spoken in the past about Order in Council appointments being reviewed by a parliamentary committee. The Conservative Party spoke very strongly about parliamentary reform when in Opposition and this would be an opportunity for the Government to take some action.

Mr. McDermid: It is in the parliamentary reform. You are holding it up.

Mr. Blenkarn: Approve the parliamentary reform.