

Canada Deposit Insurance Corporation Act

its assets and divesting itself of them. We also deal with relatives and others to whom assets may be transmitted. We think it is a good amendment and a necessary one because this board could, in fact, find itself in a conflict of interest situation because you are talking about paying off insurers of a financial institution that the Government may be involved in bailing out. If that happens, we do not want to have a conflict of interest situation.

We have also proposed an amendment which will have the disqualifications which presently apply to the private sector chairman apply to the private sector members of the board of directors. If you are going to have private sector members of the board, then we would like this provision included as well.

The last amendment we dealt with is to remove alternates from being able to attend meetings of the board of directors of the corporation. I am told that at the Legislative Committee studying Bill C-86 the Canadian Bankers Association, the Trust Company Association of Canada, and the Chairman of the Finance Committee, the Hon. Member for Mississauga South (Mr. Blenkarn), all supported the principle that alternates should not sit or attend meetings of the board of directors.

If those two groups and that fine gentleman—all probably Tories to the core—are prepared to support that amendment, let it not be us who hold it up. Indeed, we have gone further, we have proposed the very amendment that they were in favour of. That is the final amendment we propose.

Let me sum up by saying that from the NDP's point of view on this Bill we have no objection to the increased premiums part of the Bill. We do have some objection to the board of directors and how the corporation is managed through the board of directors, because it is they who will be doing the management. What we want to do is to make that board better, and that is the thrust of these amendments.

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am pleased to participate in the debate on report stage of Bill C-86, but I have to say at the outset that we in the Official Opposition are very puzzled by the kind of timetable that the Government is using. The Minister today said that she regarded this Bill as very important and urgent.

When the Minister appeared before the House of Commons Finance Committee on September 9, 1985, she gave notice of the provisions of this Bill, and of draft legislation, which she described as items of high priority. Yet the Bill was not tabled in the House until November 29, 1985. Then the Bill sat on the Order Paper until it was finally called towards the end of January.

We in the Opposition responded to the Government's perfectly sensible statement that it was important to get this Bill dealt with, so we let the Bill go to committee after only one day of debate. In the legislative committee it was again dealt with expeditiously. It was reported out of committee on February 5. There it has sat. We remain very puzzled. We keep hearing that the Bill is urgent, but we do not see the

Government making any great moves to advance it in its legislative program.

We are concerned generally about the Government's leisurely approach to the question of the regulation and supervision of Canadian financial institutions. A review began during the last Government. The new Government decided not to accept the work of a very distinguished volunteer committee, which had worked on it for a year. That was all thrown out and a new set of consultations began, which eventually led us to a Green Paper. The Green Paper, having been out in the public sector, was then reviewed by the Standing Committee on Finance.

Bill C-103 has been tabled, but that does not go very far. This particular Bill C-86 is very much "a quick fix job" which proposes two temporary measures, and I say temporary because the Bill has a sunset clause that is valid for only one year. Bill C-86 proposes to do two things. First, it proposes an increase in the premium level paid by the member institutions of the Canadian Deposit Insurance Corporation. Currently they pay one-thirtieth of 1 per cent of their insured deposits. Bill C-86 proposes to change that to one-tenth of 1 per cent. As I said, the increase is to be in effect for one year only because this increase does not really address the problems of funding the CDIC adequately in view of the tremendous demands on the fund of recent years.

There is general agreement that the premiums should increase to reflect recent risk experienced, but the proposed increase certainly will not clear the deficit. There still remains the problem of finding a long-term solution. Different proposals have been put forward. The House of Commons Finance Committee recommended eliminating the deficit in ten 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. Those matters still remain to be addressed. In the meantime, as has been pointed out, the CDIC is able to function because it has access to a \$1.5 billion line of credit from the Consolidated Revenue Fund.

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One thing the Bill does is to increase the premiums in a limited way for one year, and then the whole problem has to be dealt with at that time. Second, the Bill proposes to increase the size of the CDIC's board of directors and include members from outside the Public Service. At the present time, the board of directors consists almost entirely of public servants, the Governor of the Bank of Canada, the regulator of banks, the Inspector General of Banks, the Superintendent of Insurance, and the Deputy Minister of Finance. The chairman is appointed from the private sector and is the only private sector representative.

The Bill before us proposes the addition of four outside directors. Contrary to the view of my NDP colleagues, I think that adding directors with experience in the financial field