

*Canada Deposit Insurance Corporation Act*

examining functions, as well as to develop the criteria for establishing what constitutes sound practice. Co-insurance was suggested to prevent multiple deposits which are a way of insuring that all deposits are insured by using a number of institutions, and it was also suggested that this be a means of increasing greater recognition of risk on the part of depositors.

Increases in premiums from one thirtieth of 1 per cent to one tenth of 1 per cent of insured deposits was suggested, and that the Canadian Deposit Insurance Fund be set at a level of .75 per cent of the total insured deposits. Finally, changes in the composition and size of the board were suggested.

In spite of rather extensive recommendations for change in the CDIC, this Bill deals with only two. It increases the level of premiums, which is fine. One might have hoped there would be some reference to the need to increase the total amount of the fund in proportion to insured deposits but that might come at a later time. Perhaps it is not so critical in the present context. What is serious, I think, is what has been recommended with respect to the composition of the board. The Bill would increase the size of the board from five members to nine, and it would do so substantially by increasing the number of private members from industry who sit on the board. The net result of this would be to provide a majority on the board of non-Government personnel. Thus we would have a situation in which if there is need for the CDIC to obtain moneys from the Consolidated Revenue Fund, the determination would be made not by Government officials but by a majority of private individuals who would be doing so, I would suggest, inappropriately.

Interestingly enough, this proposition is inconsistent with what was recommended by the Wyman and the Senate reports. We take no exception to the need to have industry representatives on the board who have no present connection with the particular institutions. This would have the effect of solving one of the problems which was revealed during the CCB and the Northland affairs, and that is a certain degree of conflict of interest in which others on the board, the Superintendent of Insurance, the Governor of the Bank of Canada and the Inspector General of Banks, made a decision outside of the context of the CDIC which determined subsequent action by the CDIC. I think there are many of us who would support the argument that there needs to be some other disinterested representation on the board to ensure that that kind of thing does not occur.

However, as I indicated earlier, it is inappropriate that institutional representatives from the private sphere should outnumber the other representatives. There is another problem which arises with the Bill and that is that the Bill allows for alternate members to replace these private or institutional representatives on the board. Now we have a situation where we may have alternative members of the board, in direct contradiction of the recommendation of the Wyman Report. There can be no merit in having a relatively uninformed person involved in the decision-making process. More importantly, there is no basis on which one can clear away any possible suspicion of a conflict of interest. There is also a

potential conflict of interest concerning the permanent members of the board in the sense that the Minister of State for Finance (Mrs. McDougall) promised there would be regulations concerning the eligibility of prospective board members but no such provision appears in the Bill. We raised the question of how we can be sure that we will not be faced with the problem of conflict of interest. How can we be sure of the appointment of members who will act in the interests of the public rather than those of some particular institution? We asked those questions because there is no specific process by which Parliament can have an opportunity to vet prospective appointees. This is a serious deficiency in the Bill and it ought to be addressed by an amendment.

● (1630)

Beyond all that, speaking of the principle of the Bill, we can say that it is a step forward. In the face of rather significant requirements for changes in the operation of the CDIC which are not addressed in this Bill, it is a very tiny step. Therefore, I want to emphasize once more the deficiencies in this Bill which warrant re-examination. First we have the question of the majority of members of the Board being from the private sector, which specifically was rejected by the Wyman committee and the Senate committee. The second problem is the proposition that there should be alternate members. This is really quite unacceptable and it should be changed by amendment forthwith.

**Mr. Deputy Speaker:** Is the House ready for the question?

**Some Hon. Members:** Question.

**Mr. Deputy Speaker:** Mrs. McDougall, seconded by Mr. Hnatyshyn, moves that Bill C-86, an Act to amend the Canada Deposit Insurance Corporation Act, be read the second time and referred to a legislative committee. Is it the pleasure of the House to adopt the motion?

**Some Hon. Members:** Agreed.

Motion agreed to, Bill read the second time and referred to a legislative committee.

## PROCEEDINGS ON ADJOURNMENT MOTION

[English]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

**Mr. Deputy Speaker:** Pursuant to Standing Order 46, it is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The Hon. Member for Cochrane-Superior (Mr. Penner)—Aboriginal Rights—Lyell Island logging—Request for reimposition of moratorium. (b) Existence of aboriginal title; the Hon. Member for York East (Mr. Redway)—Young Offenders