

viable. The question of premiums and the question of membership are closely related, but the Bill before us addressed only the question of premiums. It increased the premiums from one-thirtieth of 1 per cent of insured deposits to one-tenth of 1 per cent.

The Minister appointed a private sector committee in January, 1985 which examined the CDIC and had many far-reaching proposals. It examined the question of disclosure, requiring member institutions to disclose accurately to customers what is insured and many other issues which were not covered in the legislation. We continue to have problems with people who somehow do not know they were not insured.

For example, in the case of Pioneer Trust, in or around April or May of 1985 many of those customers claimed they did not know that some of their deposits were not insured. We have also had a financial institution in Vancouver which failed and the Members did not realize that their deposits were not insured. The institution was simply not a member institution of CDIC, nor was it even eligible for membership. There is a great need for more disclosure on the part of financial institutions—for more information to be available to depositors—but none of that is addressed in this Bill.

● (1120)

The Canadian Bankers' Association last June in responding to the Wyman committee, the private sector committee which the Minister had established to look at CDIC, recommended a principle of co-insurance. I must confess that this is something I have difficulty with because CDIC is primarily meant for the small unsophisticated investor.

While many people claim, particularly in the financial institutions, that co-insurance would introduce market discipline, it seems to me unfair and unrealistic to put that responsibility on the shoulders of the small investor who may simply have deposited the proceeds from the sale of the house or the family farm. The small investor should not be required to be knowledgeable.

The Canadian Bankers' Association has another recommendation that I think merits more careful study, namely, proposals to establish minimum standards of financial performance and disclosure in order to qualify for federal deposit insurance. The question of disclosure continues to be a very important one for consumers. For the consumer to protect his or her interest, he or she must have full information. There are many questions and many proposals for achieving regulatory uniformity and compliance which need action. In the last two years we have had a tremendous amount of study. We had a Green Paper on financial institutions. We had the Wyman study on the Canadian Deposit Insurance Corporation and we have had two reports from the finance committee of this House. We have had Senate committee reports. We now have the Estey commission almost ready to turn in its report. It is important that we now act.

Canada Deposit Insurance Corporation Act

As I said at the outset, Bill C-86 is a very simple Bill. It proposes an increase in the premium level paid by the CDIC member institutions from one-thirtieth of 1 per cent of their insured deposits to one-tenth of 1 per cent, but this is for one year only. The question of the long term financing of CDIC still remains to be decided.

I have mentioned the demands on CDIC as a result of the failure of many trust and loan companies since 1982 and also that in 1985, as part of the Canadian Commercial Bank bailout, the CDIC committed \$75 million. According to its annual report, the CDIC had not been making any provision for loss as it expected to be fully reimbursed. Later when CCB went into receivership followed by the Northland Bank, the Government announced its intention to reimburse all depositors in both institutions, even those whose deposits exceeded the \$60,000 limit. In so far as insured deposits are concerned, CDIC paid out \$250 million to Canadian Commercial Bank depositors and \$170 million to Northland Depositors. The uninsured deposits came to \$430 million for the Canadian Commercial Bank and \$470 million for Northland.

Apart from the financial stresses imposed by the failure of financial institutions in recent years, there is also the burden of administrative work with which CDIC was not designed to deal. I do not think it was even anticipated that the CDIC would be so involved in liquidation. Also, it has been drawn into a new and unaccustomed monitoring role for which there still is no legal framework because CDIC is the insurer and not the regulator. We have a separate Bill before the House which will increase somewhat the powers of the regulator of banks and of insurance but the whole question of regulation still has to be dealt with in a substantial way.

The CDIC is having to make much use now of consultants providing information and analysis with regard to the institutions being wound down, agents on long-term contracts to look at particular problems, and private sector committees set up to deal with such things as the disposition of real estate assets on their books.

Currently the CDIC has at least \$1 billion in real estate financed by 18 failed institutions all across Canada. This is a situation that was never envisaged, for which no provision has been made and CDIC staff resources have been stretched very thin by the circumstances. It is clearly necessary to have review and change in a system that has through force of circumstances exceeded its operational bounds and evolved beyond its original purpose. Again we have a Bill before us that does not address any of these matters.

We are in a period where we all know that basically Canada's financial institutions are strong and healthy, but there have been serious problems which are causing concern. Surely the sooner these problems are dealt with and the sooner legislation is updated, the sooner our financial institutions can get back to doing what they do well and what their basic purpose is rather than constantly having to respond to criticism in this House and in the media. For that reason we on this side of the House urge the Minister to come forward soon with