

Investor Protection Fund sets industry standards

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If you have cash, stock or other securities sitting in an account with an investment dealer, you will be pleased to hear about the Canadian Investor Protection Fund. This is the brokerage industry's version of deposit insurance.

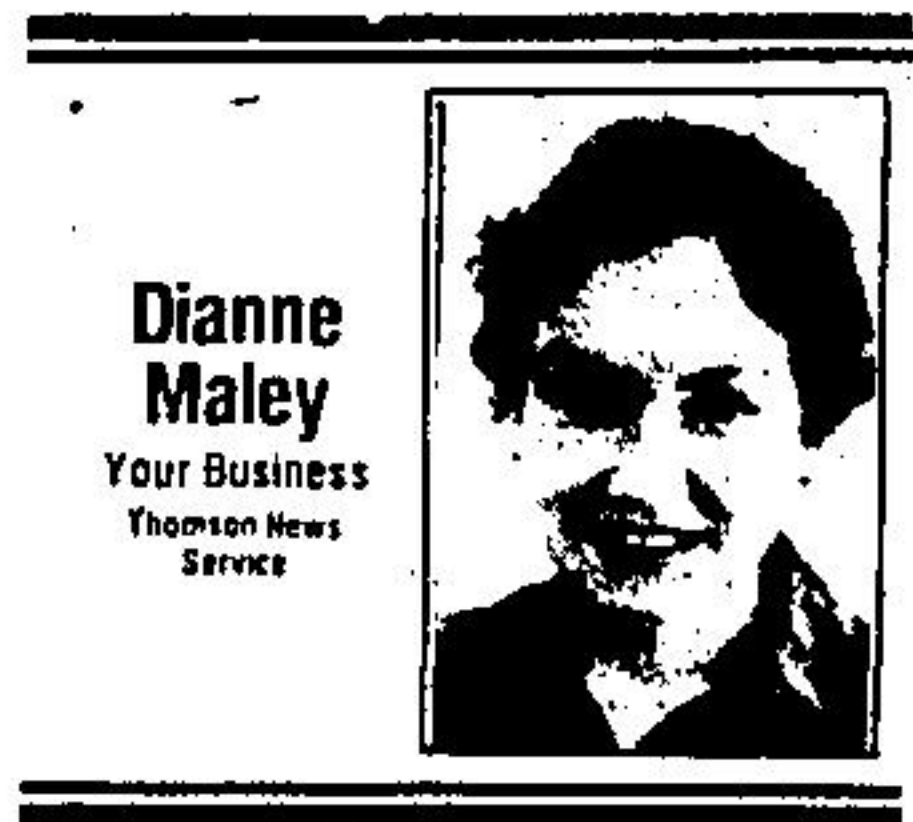
You also will want to know about its limits.

The new fund replaces the National Contingency Fund, which was not sufficient to meet the needs of today's more dangerous marketplace. Stockbrokers have until the end of the month to give clients information pamphlets about the new protection.

The fund has \$28 million in cash and a \$40-million line of credit. The money comes from member dealers. It will cover up to \$60,000 of your cash held by an investment dealer. This is the same as the Canada Deposit Insurance Corp. covers at banks and trust companies.

\$250,000 LIMIT

Coverage of cash plus securities will be limited to a maximum of \$250,000 per investor. This is something to bear in mind when doing business with an investment dealer. It is not unusual for investors to have a big sum of cash waiting for the right moment to buy. And many investors have more than \$250,000 in stocks, bonds or other securities.



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Such things as registered retirement savings plans and trusts are covered separately, to a maximum of \$250,000. Thus, if you had \$250,000 in an RRSP, \$60,000 in cash and \$190,000 in stocks, you would be fully covered.

Part of the new plan requires the CIPF's board to keep close tabs on investment dealers. It will conduct surprise audits on member firms, for example. It will help set standards for capital adequacy and financial reporting.

No big investment dealer has collapsed in recent times. This makes it hard to say whether the fund's protection is enough. It is impossible to predict the outcome of a big bankruptcy, especially if it were accompanied by wrongdoing by insiders.

The fact that the fund is financed by the industry itself rather than by government and ultimately the tax-

payers, is a strong incentive for members to police each other. The failure of one would hurt them all financially. It would also erode public confidence in the industry, plunging it into crisis.

Naturally, dealers are eager to reassure clients that their money is safe. Don Leslie, president of the CIPF, is busy explaining to investors how the fund works. Many Canadians prefer to keep their money in the bank.

TOUGH COMPETITORS

Indeed, with bankers moving into the territory once dominated by investment dealers, it is getting harder for the latter to find new business. Most of the big banks offer discount stock trading. They manage and sell their own mutual funds. They sell RRSPs.

Dealers, meanwhile, are stepping into the role of financial planners. But they are finding it difficult. Financial planning is as time-consuming as it is comprehensive. Stockbrokers disguised as financial planners will have a bias toward selling stocks, mutual funds and other things that generate good commission.

Still, the planning side of the brokerage business will grow. So will the size of individual accounts. This makes it all the more urgent for investors' funds to be safe. In the end, the CIPF's monitoring role will be as important, if not more so, than its coverage.

Survey Completed Wednesday, October 24th, 1990	MORTGAGE RATES ANNUAL INTEREST					
	SIX MONTH	ONE YEAR	TWO YEAR	THREE YEAR	FOUR YEAR	FIVE YEAR
TRUST COMPANIES						
Canada Trust	N/A	13.25	13.25	13.25	13.25	13.25
Municipal Trust	N/A	13.25	13.25	13.25	13.50	13.50
NRS/Royal Trust	13.25	13.25	13.25	13.25	13.25	13.25
CHARTERED BANKS						
Bank of Commerce	13.50	13.25	13.25	13.25	13.25	13.25
Bank of Montreal	N/A	13.25	13.25	13.25	13.25	13.20
Bank of Nova Scotia	N/A	13.25	13.25	13.25	13.25	13.25
Royal Bank	13.25	13.25	13.25	13.25	13.25	13.25
Toronto Dominion	13.25	13.25	13.25	13.25	13.25	13.25
This survey was prepared to help the Herald Homestyle readers track weekly Bank and Trust Company rates.						

Massive misinformation about the GST

(NC) - One of the hottest issues on the minds of Canadians these days is the federal government's intention to introduce a Goods and Services Tax (GST) on January 1, 1991.

Despite months of cross-Canada debate, there is massive misinformation afloat about the GST which is a replacement tax for the current Federal Sales Tax and will be applied on a wide range of goods and services at the consumer level.

The purpose of this piece is to outline basic information that consumers in the housing market should know if indeed the Goods and Services Tax becomes the law of the land next New Year's Day.

NEW HOUSING

The basic rate of the Goods and Services Tax will be 7 per cent. Recognizing the special and essential nature of housing, the government has introduced a rebate program for buyers of newly-constructed homes including condominiums which will be used as a principal residence, that is owner-occupied.

Provided their new home costs \$350,000 or less, these buyers will receive a GST rebate pegged at 2.5 per cent of the purchase price to a maximum of \$8,750. In other words, they will pay a GST on only 4.5 per cent which the government calculates as being the amount of Federal Sales Tax hidden in the cost of the new house. As we said, the GST will replace the Federal Sales Tax. The rebate program will be administered by the home builder and will be available at the time of purchase.

New homes priced in excess of \$450,000 will not receive a GST rebate.

These conditions apply in cases where the new home is purchased from a builder who supplies both the land and the house as part of a single transaction. Where a purchaser ac-

quires the land separately from the house and undertakes all or part of the construction, the amount of the GST rebate will depend on the total value of house and land together. In addition, for these owner-built homes, the rebate will depend on whether GST was paid on the land at the time of its acquisition.

The new home rebate program under the Goods and Services Tax will cost the government \$500 million and is expected to cover about 90 per cent of new homes.

During the transitional period after the GST is introduced, there will be another form of rebate available to purchasers of single family homes which were essentially completed but unsold prior to January 1, 1991. This is a rebate of the Federal Sales Tax content estimated to be part of the house price.

If the purchase of the new home under these conditions closes before February 15, 1991, the purchaser will be eligible for a rebate equal to two-thirds of the estimated FST. The rebate will be reduced to one-third of estimated FST for sales closing on or after February 15 and before April 1, 1991.

One thing owners of existing homes should know is that there will be Goods and Services Tax at 7 per cent charged on a number of services traditionally associated with the buying and selling of residential property. Real estate fees, legal and appraisal fees, charges payable to moving companies, all will attract the GST.

This article is supplied by the Canadian Real Estate Association for the benefit of consumers in the housing market. For more information on the GST and housing, contact your local area real estate board or write to: The Canadian Real Estate Association, c/o Manager, Government/Industry Relations, 2100-320 Queen Street, Ottawa, K1R 5A3.

Weather records are useful

By JOHN EBERLEE

In September 1840, a British army lieutenant set up a weather station on the grounds of what later became the University of Toronto. Today, his observations rank as the oldest in Canada's continuous, 150-year-old weather record - a record that climate experts say is becoming more useful every year.

"There are some very practical things you can do with old weather data," comments David Phillips, a climatologist with Environment Canada's Atmospheric Environment Service (AES). Archived records can help make life "safer, more comfortable and more profitable."

AES has close to three billion observations stored in its com-

puters, the product of more than 8,000 active and once-active weather stations. In addition, it has countless cloud and radar photos, plus data from remote-sensing satellites.

Climate information on file encompasses daily temperature, humidity, wind and precipitation readings from across the country, he says. It also includes "at least a dozen weather elements that never make it on the airwaves - things like soil moisture, lake levels and snow pack conditions."

The data helps AES staff respond to a steadily increasing demand for climate information. In 1990 alone, the service expects to process more than 250,000 queries.

Queries range "from the mundane to the sophisticated," says Phillips.

The vast majority involve helping school teachers, Sunday sailors and others schedule outdoor events. "Somebody may want to know when to expect ideal ski conditions in Banff," he suggests. "In other words, when are five hours of sunshine, a suitable snow base, and a minimum wind chill factor most likely to happen at once."

For such a request, "we could ask our computer to calculate the frequency of these conditions. Based on 100 years of records, it might recommend the last week of February."

Archived climate data is an invaluable resource for farmers, he adds. It can help them make better decisions on almost every aspect of farming, from choosing suitable crop varieties to deciding when to plant or harvest.

Other beneficiaries include architects and engineers, who often have to take climate extremes into account when designing structures. Likewise, "someone planning the construction of a large water reservoir in northern Ontario might wish to know whether there will be enough water to fill it in dry years."

Archived weather records have also been used to monitor climate change, says Phillips. For example, long-term records serve as benchmark values when comparing the rate and extent of global warming. However, the causes of long-term climate and weather changes are complex and difficult to sort out. As Phillips points out, "we know that Toronto is now about 2 degrees Celsius warmer than it was one hundred years ago. But most of that was caused by urban growth, not global warming."

(Canadian Science News)

Brewing important for tea taste

(NC) - Brewing tea is a simple procedure, but following a few basic steps can make all the difference in how that tea tastes. For a better cup of tea, follow these directions:

- Try to use a thin cup, preferably bone china, since too thick a receptacle does not fully compliment the taste. Do not use the same cup for other hot beverages as the tea can be tainted by their flavours.

- Use perforated tea bags when possible. The quality and flavour is often better than loose tea or ordinary tea bags since the former may be too strong while the latter may trap some of the flavour in the non-perforated bag.

- Warm the teapot or cup with hot water to ensure that when the water touches the tea it stays at the boiling point and aids infusion.

- Use freshly boiled water. Never leave stale water in the kettle to boil again. Use fresh water from a tap that is run for 10 seconds before filling the kettle.

- Let the tea stand in a pot for no more than four minutes and in a cup for no more than a minute. If you use Tetley's new round bags, let them stand in a pot for approximately three minutes and 40 to 50 seconds in a cup.