

Continental Bank of Canada

that the bill is in the public interest. That, it would appear, is difficult to do.

IAC Limited was first known as Industrial Acceptance Corporation when it was set up in Windsor in 1925. Its business at that time was almost wholly dealer loans, lending money to car dealers to finance their inventory of new cars. Its business, in other words, was in commercial loans rather than consumer loans. It stayed primarily in this business for several years, and is still in it, but over the years it has broadened its base to other financial activities. It is now involved in wholesale and retail sales financing, dealer loans and business loans, mortgages for both homes and businesses, leasing of capital equipment, and consumer loans. In fact most of its advertisements in recent times have dealt with other aspects of business rather than consumer loans. I have noticed heavy emphasis, for example, on the leasing of capital equipment.

The activities of the corporation, to put it mildly, have been very successful. Among Canadian financial institutions, leaving aside insurance companies, it ranks eleventh in assets and sixth in terms of equity. The following table gives some idea of its place in the Canadian financial world.

	Assets (\$ millions)
Royal Bank of Canada	\$21,669.9
Canadian Imperial Bank of Commerce	18,946.9
Bank of Montreal	17,651.0
The Bank of Nova Scotia	13,462.5
The Toronto-Dominion Bank	11,857.0
Banque Canadienne Nationale	4,125.9
The Royal Trust Company	3,122.0
Banque Provinciale du Canada	2,556.8
The Huron and Erie Mortgage Corporation	2,223.6
Canada Permanent Mortgage Corporation	2,212.8

Then we come down to the various trust companies and smaller institutions. The years 1974 and 1975 have been very good for IAC. It had net income, (profits) of some \$23,336,000 in the year ending December 31, 1974. In the year ended December, 1975, its profits zoomed up to \$30,450,000, an increase of some 30 per cent. Dividends paid out jumped from \$1.69 a share in 1974 to \$2.18 a share in 1975, a healthy jump of some 29 per cent. So IAC is not doing badly for itself as it is presently constituted.

As the IAC people freely admit, IAC, with consolidated assets of well over \$2 billion, is Canada's largest sales finance and consumer loan company. If IAC were a chartered bank it would be Canada's sixth bank in terms of equity and eighth in terms of assets. From a humble beginning IAC is already in the major leagues.

IAC has seven subsidiaries. The first is Niagara Finance Company Limited, a wholly owned subsidiary. It is the largest Canadian-owned consumer loan company, with some 260 branches all across Canada, and with some operations in the United Kingdom. It does sales financing and personal loans, which are usually secured through a chattel mortgage.

[Mr. Orlikow.]

● (1750)

Capital Funds IAC Ltd., and Capital Funds (IAC Ontario) Ltd. are both wholly owned subsidiaries which deal mostly in commercial loans. Both of these, plus Niagara Finance, can be absorbed virtually whole by the new bank, except for the leasing of capital equipment which is done by the two Capital Funds companies and which is not presently allowed to a bank under the Bank Act.

It is widely assumed, incidentally, that the revision of the Bank Act in 1977 will allow banks to get into leasing of capital equipment since it is a highly lucrative field that is at present being left to other financial institutions. If this is so, then by the time the bank sets up for business this type of business will be eligible to be included also, and can simply be absorbed directly.

When I first heard of this bill I wondered why the banks were not objecting to it. After all, it is not usual for a group of six large corporations which have virtually a monopoly among themselves not to object in such a case. I was puzzled. In my blissful ignorance of business I assumed that the banks would, either publicly or privately, have been opposed to the IAC application. I wondered why there was no opposition. An hon. member over there is pointing in this direction. I assume he means that someone on this side of the House could give an explanation. My suggestion to the hon. member is that he should make his own speech. We would be glad to hear from him rather than have the type of pointing of fingers and verbal objections to which we are so accustomed.

As I said a moment ago, I was puzzled why the banks were not defending their interests and making sure that there was not a new competitor. I was puzzled until it was pointed out to me that, if this bill should pass, IAC in 1976 under its new name Continental Bank of Canada would be involved in business which is not now permitted under the Bank Act, business which the Royal Bank of Canada, the Bank of Montreal, the Imperial Bank of Canada, and the Bank of Nova Scotia are not permitted to transact.

It is obvious from what I have placed on the record in respect of the operation of IAC that this is a very lucrative field of business. Of course the banks would like to have a piece of the action which is now permitted them. Those of us who were here before 1966 and remember the debate which took place at that time—

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but the time allotted to him has now expired.

Some hon. Members: Carry on.

Mr. Reid: I rise on a point of order, Mr. Speaker. I listened to the statements made by the hon. member for Waterloo-Cambridge (Mr. Saltsman) and the hon. member for Winnipeg North (Mr. Orlikow). I was astounded that neither member spoke about the amendments which are before the House. It is my understanding that at the report stage we are supposed to confine our remarks to the amendments before the House. Perhaps if Your Honour would care to look at *Hansard* tomorrow he would find that my point is verified. I believe we should be paying more attention to the legislation before us.