or from the banks in the weight ranges that are being spoken of. The contradiction lies in the argument advanced by the dealers that, while they are only seeking to protect that aspect of the business which would ordinarily be carried on by a dealer, the only method of effecting such protection is to establish a weight limitation of 46,000 pounds GVW.

The evidence which your Committee has received makes it clear that in the vehicle weight, lying below 46,000 pounds GVW, there are a vast number of vehicles, and potential commercial transactions, which would not be available from or offered by dealers. Thus, there is a need to engage in the financial leasing of a variety of commercial buses, ambulances, firefighting equipment, and other such specialty vehicles which are not sold through conventional automobile dealerships and which at the same time lie below 46,000 pounds GVW. It was clear therefore that by adopting the 46,000 pounds GVW weight limitation for the entry of banks into financial leasing, the Government would have effectively prohibited banks from engaging in the financial leasing of a wide variety of vehicles which are capable of being licensed for operation on a public highway, and yet in the leasing business of which the automobile dealers do not normally engage. It is submitted that this situation is unacceptable. The purpose of this legislation is to serve the public, not to frustrate it.

How can this anomaly be corrected? During the course of its recent study of the Bill, your Committee reviewed in detail its deficiencies with the Minister. The problem of specialty vehicles was discussed at length. In the result, on Friday, the 5th of November, 1980, the Minister tabled certain amendments to the Leasing clauses of the Bill. The amendments read as follows:

"That Bill C-6 be amended

(a) by striking out lines 46 to 48 at page 209 thereof and substituting the following therefor:

"motor vehicle having a gross vehicle"; and

(b) by striking out line 2 at page 211 thereof and substituting the following therefor:

"are situated;

"motor vehicle" means a motorized vehicle designed to be used primarily on a public highway for the transportation of persons or things but does not include

(a) any fire engine, bus, ambulance or utility truck; or

(b) any other special purpose motorized vehicle that contains special features that make it suitable for a specific purpose and that is manufactured by a person other than the vehicle manufacturer who manufactured the basic chassis."

The above amendments were agreed to by the House of Commons and are now included in the amended Bill.

The concept underlying these amendments is to provide a definition of "motor vehicle" which would exclude those classes of motor vehicle which represent a class of business not normally dealt in by automobile dealers. Your Committee approves of the concept. In addition your Committee has reviewed the regulations which are referred to in subclause 193(1), and more specifically the regulations relating to the gross vehicle weight of tractor trailers and finds these regulations to be acceptable.

In the interest therefore of protecting the legitimate concerns of FADA and CALA, while at the same time ensuring that the public need for financial leasing services for specialized vehicles is not frustrated, your Committee is in favour of supporting the adoption of the amendment proposed by the Minister under date of November 5, 1980, as herein referred to.

8. RESERVES ON FOREIGN CURRENCY DEPOSITS

As a result of the 1976 White Paper on banking, Bill C-15, which was introduced in November 1978, proposed that banks be required to maintain primary and secondary reserves of three percent of their foreign currency deposits used domestically. As a result of its study and hearings on this Bill C-15, your Committee concluded that the imposition of this 3% reserve would place Canadian banks at a competitive disadvantage when competing with foreign banks for foreign currency loans to borrowers in Canada. In its report on Bill C-15, your Committee recommended that Bill C-15 be amended in such a manner as to remove this disadvantage.

When the amended Bill C-14 was introduced in October 1979, the reserve section had been amended so as to have the 3% reserve apply not only to "foreign currency deposits used domestically" but to "foreign currency deposit liabilities of residents in Canada with branches of the bank in Canada or with offices in Canada of subsidiaries of the bank". This amendment, which also has been carried forward in Bill C-6, was intended to remove the competitive disadvantage of Canadian banks vis-à-vis the foreign bank competition for foreign currency loans to Canadian borrowers. There are however, some perceived difficulties even in the new amendment.

The rationale behind the imposition of reserves on foreign currency deposits by Canadian residents is indicated from the following testimony of Mr. W. A. Kennet, Inspector General of Banks when he appeared before your Committee on November 20, 1979 (Committee proceedings Issue No. 7, November 20, 1979, pages 7:38 and 7:39).

"We started from a principle, and it has given us no end of trouble but we are clinging tenaciously to the principle. The principle is that our reserve system should not work so as to encourage Canadians to hold their savings in a foreign currency.

"The fact is that under the existing reserve system, if everything else is equal, the Canadian resident putting his savings in a chartered bank in a notice or a term deposit has those savings in Canadian dollars subject to a reserve of 4%. If he puts those same dollars into a Canadian bank in a foreign currency, they are subject to no reserve whatsoever. The implication is that banks can pay a better interest on