

complete range of service. Whatever banks may say about their desire to help the consumer by providing competitive leasing arrangements, it is clear that they are interested in leasing because of the profits involved. After all, that is the fundamental reason they have become involved in leasing. It is questionable in my mind, however, whether banks will, in fact, increase competition in the marketplace.

● (1650)

In the majority of cases, banks finance large dealer-leasing operations and require complete dealer-customer files, including the names and addresses of lessees and the terms of the lease contract. Of course banks are also able to obtain money at a cheaper price than private businesses. That is a point we should not overlook. They will start out with a competitive edge and will be fully capable of attracting lessees away from private dealers. I think the fear that has been expressed by the automotive industry across the country is well-founded. Moreover, they have a right to expect a government that will foster a climate for private business, not impede it.

What we are contemplating if this bill goes through unchanged, is the banks achieving a virtual monopoly in the leasing business. That being the case, what guarantees do we have that they will remain competitive in this field? The limited number of banks in Canada would make this near-monopolistic situation much easier to control. We must ask ourselves: can five or six banks really provide as much competition as 3,000 independent dealers, in the long run? I believe bank leasing would also represent a conflict of interest. On the one hand they are providing operating lines of credit to car dealers, while on the other hand they will be competing with those same dealers in the leasing business. What guarantee is there that banks will not drive a dealer out of the leasing market by curtailing his credit? Dealers and manufacturers of automobiles are already under severe economic pressures without this added threat.

Some of the amendments which were made to the former Bill C-15, and which were contained in the regulations attached to Bill C-14 of the previous government, were supposed to address the concerns of automobile lessors. For example, banks were excluded from directing lessees to a particular dealer. However, how this would be enforced is left unsaid, and I believe that it would be extremely difficult to have this kind of enforcement.

The stipulation that no more than 20 per cent residual value could remain when the lease term is over does not really restrict banks from entering the car leasing field. If one has a vehicle which is depreciated at 2.5 per cent over 36 months, the residual is down to 10 per cent, a level which banks can operate under. It really depends on how the depreciation will be calculated.

If the original intent of this legislation was to permit banks to lease big ticket items such as locomotives, aircraft, ships, etc., then some of the restriction related to on-highway vehicles of a certain size would not be contrary to this intent. That is the kind of amendment I would favour.

Bank Act

I was pleased to note yesterday that the parliamentary secretary suggested that he recognized the distinction to be made between the intention and the application of the car leasing provisions in the bill as it is now written. He gave an indication that the government would be amenable to examining the thrust of the financial leasing provisions of the bill when it gets into committee. He said in his speech, as reported at page 763 of *Hansard*, that there could be some possibility for change. That raises a ray of hope for those of us who feel as strongly as I and many of my colleagues do against the car leasing provisions. But if the government had made up its mind to accept an amendment to the legislation, I believe the parliamentary secretary would have been more specific. Perhaps the government needs to receive the kind of message which I am indicating this afternoon a few more times, before it sends a clear signal to us indicating that indeed the bill will be amended in the manner I have proposed.

I think it is now clear that the present legislation is not sufficiently specific in this regard. In fact automobile dealers report that the major chartered banks have begun building staffs of experienced vehicle leasing personnel. Obviously the banks think the restrictions are lax enough to permit car leasing, so these restrictions should be tightened.

Several suggestions have been made by other members of my party about how this act could be amended so that car leasing stays with the dealer, and heavy trucks and large ticket items are available to the banks. Again I say that these suggestions should receive the serious consideration of the government. I think that dealers have provided a reasonable leasing service to consumers in the past and are closer to the consumer than a bank could ever be. If we are worried about some aspects of the car leasing business, we should deal with those problems through the provisions of consumer and corporate legislation, not the Bank Act.

I think the hon. member for Edmonton West (Mr. Lambert) put the matter very succinctly in his opening speech on behalf of our party when he said, as reported at page 636 of *Hansard*: The idea of the banks engaging in the business of leasing passenger vehicles and trucks up to a certain commercial weight will not fly, period.

Following that, the hon. member for Burlington (Mr. Kempling) indicated in his intervention on this bill, as reported at page 725 of *Hansard*, "We think leasing should stay with the dealers". I think those two statements very accurately sum up the thrust of opinion of many members on this side of the House.

Finally, I want to restate the principle that is at the core of my speech today. There is a great danger in Bill C-6 that banks will overstep their proper functions and the effect will be to the detriment of the consumer as well as of the independent businessman.

Some hon. Members: Hear, hear!

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I appreciate the opportunity to speak on this Bank Act amendment, or the entire revision of the Bank Act. Before I deal with a couple of concerns which I have with respect to it,