

*Private Members' Business*

no control, serious events in life such as job losses, separations, divorces, accidents and health problems.

Certain stakeholders have a responsibility to correct the situation starting, of course, with the consumers themselves who are responsible for their own actions. Consumers' associations must pursue their commendable education efforts. It is, of course, very important that the institutions that issue credit cards be better monitored. Finally, governments must continue to encourage education and information efforts but they must also regulate, and one way to regulate is to limit interest rates, as proposed in the bill before us today, and that is why we support it.

[English]

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry):** Madam Speaker, I did not realize that the opposition party was not going to speak on this bill.

I wish to congratulate the member for Simcoe North for his efforts in trying to ensure fair prices for his consumers. This is a very important issue because it is not only central to the care and concern that we must have for consumers, it is right in line with our government's policy to make sure that we look at ways access to capital for small and medium size business is also dealt with. This is very much in that same sort of philosophical direction.

• (1825)

We are trying very hard to make sure that consumers begin getting a fair shake from the financial institutions in this country. I believe that the member for Simcoe North has identified an issue of concern to each and every Canadian.

A great deal of parliamentary attention has been paid to this issue over the last seven years. Three parliamentary committee inquiries were held on this subject between 1987 and 1992. In the course of those inquiries a good deal of the evidence brought to light did not support the concept of regulating interest rates at that time.

First, there was evidence suggesting that if rates had been capped between 1973 and 1991 the real savings for the average card holder would have been small. For example, a consumer carrying a balance of \$1,000 would have saved only about 50 cents per month. Also, it appeared likely that the caps would cause lenders to restrict access to credit for groups of people deemed to be higher credit risks. This could include people with low incomes and those with below average levels of education together with young adults and recent immigrants. Thus it is possible that the very people the bills were designed to help could be adversely affected by this bill.

Moreover, it was suggested that if interest rate ceilings were legislated they would likely in practice become floor prices. To maintain their revenue levels lenders could simply vary other cost factors such as annual fees and grace periods.

While sections of this bill dealing with service charge limits and interest calculations would address this last consideration I am concerned that the comprehensive controls proposed by the hon. member could act to diminish competition at a time when credit card markets offer more consumer choice than they have ever had in the past.

I would once again like to congratulate the member for this initiative. I would like to ask for unanimous consent to move the following motion:

That the motion be amended by deleting all the words after the word "that" and substituting the following:

That Bill C-233, an act to provide for the limitation of interest rates, of the application of interest rates and of fees in relation to credit card accounts, be not now read a second time but that the order be discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Industry.

**The Acting Speaker (Mrs. Maheu):** Does the hon. parliamentary secretary have the unanimous consent of the House to move the amendment?

[Translation]

**Mr. Laurin:** Madam Speaker, we would like to have some explanation, please. Could you tell us what will happen to the member's bill if second reading is refused now and the whole thing is referred to the Standing Committee right away? I would like some explanation of the step that is being skipped over.

**The Acting Speaker (Mrs. Maheu):** Instead of remaining a non-votable bill, it disappears and the subject matter is referred to committee for a full study.

• (1830)

**Mr. de Savoye:** Madam Speaker, just to clarify the situation, what is the alternative?

**The Acting Speaker (Mrs. Maheu):** The alternative is that the time provided for consideration of this bill will expire and the bill will disappear.

[English]

Does the hon. parliamentary secretary have the unanimous consent of the House to move the amendment?

**Mr. Adams:** On a point of order, Madam Speaker. If we proceed by unanimous consent, would members who are interested in speaking not only to the motion but the substance of it have an opportunity to speak?

**The Acting Speaker (Mrs. Maheu):** The bill would be sent to committee where I would assume members are allowed to speak, but for this evening the law would disappear.