

The fact of the matter is, it is the area of the private members' bill to propose legislative enactment by this House which relieves individuals from the operations of existing statutes. An example is bills to relieve operations of the Criminal Code with respect to penalties and jail terms vis-à-vis persons imprisoned under the general law. It has been held that if it is the effect of a bill to exempt an individual from the operation of the general law, it is a proper subject matter for a private right and public bill. Since this is a private bill, one would have to make the corollary, if it does establish an exemption with respect to the general law, that it must be taken to be within the purview of a private bill.

Whether that is a desirable objective is a matter for debate and division. After extensive discussion and consideration, I think that motion No. 1 ought to be put and considered for discussion and division forthwith.

It is moved by the hon. member for Waterloo-Cambridge (Mr. Saltsman), seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

Motion No. 1.

February 25, 1976—That Bill S-30, to incorporate Continental Bank of Canada, be amended in clause 2 by striking out lines 23 to 30 at page 1 and lines 1 to 3 at page 2.

Is it the pleasure of the House to adopt the said motion?

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I should like to preface my remarks on the specific amendment by putting it in perspective and outlining my party's position on the matter. Our position on the bill itself and the reason for this amendment, and the others, is that we do not believe that the conversion is clearly in the public interest. There are many unanswered questions. There are questions about whether a conversion of this type will create a tax shelter, not only for IAC as it moves into the Continental Bank but whether by setting the precedent it will also create a tax shelter for other chartered banks which, I am quite certain, will seek the same kind of opportunities that this bill affords to IAC.

The figures show what this tax shelter would represent by way of housing, depreciation allowance, etc. Witnesses before the committee indicated that the shelter effect might be from \$40 million to \$60 million for IAC for the ten-year period of the transition of one to the other. But in the case of the chartered banks we may be looking at half a billion dollars if this is extended to cover them. The committee received argument that this is not possible. Yet the argument of the tax shelter came from a very reputable group, Equipment Lessors Association who represent some of the biggest financial institutions in Canada and the United States. Their tax consultants and lawyers appeared before the committee to speak of this strong possibility.

I recognize that the brief of the Equipment Lessors Association was self-serving and that they did not want IAC to become a stronger competitor by becoming a bank. I could read the long list of members of the association. It would look like the "Who's Who" of the leasing and financial institutions in this country, but I believe it has to be taken seriously. We should look at it carefully before passing a bill of this kind.

Certain questions arose in the course of the committee examination about public disclosure. Because of the special

Continental Bank of Canada

nature of the transition from a finance company to a bank, there is not going to be the same kind of public disclosure of the assets of the operation of the Continental Bank that now applies to banks in general. This has become one of the exemptions being sought in this bill. We will have an opportunity to talk of that particular exemption later, in another motion. I simply want to point out that important considerations are involved here beyond doing a favour for a good corporate citizen.

What this clause deals with very specifically is the question of interlocking directors. The clause that we are seeking to amend would knock out that section which says that provisional directors of the Continental Bank all have to hold a certain number of shares in IAC. A technical amendment was made to this bill in committee which had the same effect as the reading of the bill at the moment, but the point is that one of the provisions of the Bank Act is to avoid interlocking directors. For a brief time there are obviously going to be interlocking directors.

There is also some question of how much insider information was going out. At a fortuitous moment, Carena Bancorp bought something over 19 per cent of the stock of IAC. It may have been accidental or fortuitous, but it is interesting how the whole thing interlocks.

One of the arguments put forward by the sponsors of the bill is that we need more banking competition in this country. If we do—and I am not at all sure we do have that kind of competition—it is obvious it is a very cozy-cozy kind of competition. I wish I could be sure these people never talk to each other. If we look at the directors and major officers of IAC, these are the people the clause we are seeking to amend refers to, and if not these people specifically, then other major shareholders of IAC. Let me go down the list: Lyndon E. Nichol, now a director, formerly chairman; director of Ultramar, which is holding company for Golden Eagle Ltd., oil refiner and marketer in eastern Canada; K. H. MacDonald, chairman, director of Uniroyal, Zellers; J. S. Land, president, director of Canborough Corp., Premier Property Ltd; Ronald L. Cliff, adviser, National Trust.

There are something like the representatives of eight chartered banks on this particular board. Then we have F. M. Covert, director of Petrofina, Royal Bank, National Sea Products, Standard Brands, Trizec, Sun Life; J. S. Dewar, president of Union Carbide, director of Manufacturers Life, Toronto Dominion Bank; C. F. Harrington, chairman, Royal Trust, director of Redpath Industries, Domco, trustee BM-RT Realty Investments, jointly owned by Bank of Montreal, Royal Trust; Peter Kilburn, chairman of Green-shields, director of Zellers, Sicard, Inc; David Kinnear, vice-chairman, Bank of Montreal, director of Canadian Pacific Ltd., T. Eaton Co., and a number of Eaton-related companies; L. A. Lapointe, director of Brascan, Goodyear Tire and Rubber, Hilton of Canada, Rio Algom, Toronto Dominion Bank, Trizec;

You will notice how frequently Trizec keeps coming up. Also we have Paul Paré, president, chief executive officer of Imasco Ltd., formerly Imperial Tobacco, director of Canadian Pacific Ltd., Canron, Royal Bank; Charles I. Rathgeb, president of Comstock International Ltd., director of Algoma Steel, Canadair, Royal Bank; Renault St. Laurent, chairman of Canadian Breweries, director of