

*Competition Tribunal Act*

[Translation]

**Mr. Jean-Robert Gauthier (Ottawa—Vanier):** Mr. Speaker, since I seconded this motion, I think a few comments would certainly be appropriate.

This amendment was proposed by the Hon. Member for Papineau (Mr. Ouellet) in an attempt to correct or prevent a business practice that is unfair to car dealers because it gives preferential treatment to operators of car rental companies.

According to representatives of the Federation of Automobile Dealer Associations of Canada, the FADA, the practice means that fleet purchases are subsidized, which is certainly not in the interests of the car dealers themselves.

[English]

I have also been approached by members of the Federation of Automobile Dealer Associations of Canada. I have a letter from Dan Donnelly, who is a friend of mine and also a dealer in Ottawa who owns Ottawa Ford Sales. Let me quote this letter:

There is an insidious disease in the automobile business, and it is called fleet subsidies.

I have been a dealer for over 15 years and worked in dealerships for 25 years and have never heard anybody praise or agree to the principle of fleet subsidies.

The manufacturers are in a web of their own making and are unable to get out of it.

Fleet subsidies are abhorred by 90 per cent of dealers. These dealers who employ over 90,000 Canadians and have tremendous investments in property, equipment, etc. are against this practice because it costs our consumers money.

Therefore, we are talking about jobs and the cost to consumers. The letter goes on:

In the consumer price of the car, he has to subsidize for the free packages that are given to the fleet buyer. The retail customer does not buy or get these fleet packages and this results in a rapid depreciation of his vehicle. I could go on outlining the reason that fleet subsidies is unfair to the consumer and only benefits few fleets like Budget, Avis and Hertz.

I would ask you to support the attached amendments to Bill C-91. This was prepared by the Federation of Automobile Dealer Associations of Canada, and has the backing of its dealers.

Your help with this problem will be appreciated.

It is signed by Dan Donnelly, President of Ottawa Ford.

[Translation]

Mr. Speaker, obviously, the low cost of acquiring vehicles for fleets, for people who buy in large numbers and especially car rental companies, is actually a kind of subsidy, the cost of which is reflected in the prices charged by the car dealer, who does not have the same volume of sales and cannot offer the same terms. This means, as Mr. Donnelly says in his letter, that the consumer pays a subsidy when he buys a vehicle through normal channels, in other words from a car dealership. And the motion presented by the Hon. Member for Papineau, which proposes to include a provision in the legislation that will prevent this kind of transaction, would seem entirely reasonable and logical, because if we are talking about 90,000 jobs, we are also talking about protecting the consumer, and I

think the House of Commons should come out in favour of both jobs and the consumer.

Mr. Speaker, we know that the car rental operator or volume dealer, the one who rents cars, does not have the same constraints as the dealer. I think Hon. Members are aware that a car dealer has some very high costs, especially his inventory, which come under operating costs and are a major item on the dealer's books.

Inventory is therefore an important item. The car dealer also has personnel working for him, in the various buildings he has to carry out repairs and do body-work, and all this equipment is very expensive, and the car dealer has to finance all this, and obviously, his costs will have to be calculated in the profits he makes and the prices he charges the customer.

Therefore, for the sake of fairness and justice, and to prevent abuses from automobile fleet leasing businesses which get special privileges from the manufacturers, we feel that this amendment is important and should be adopted by the House in order to caution not just car manufacturers against such preferential treatment on volume sales, but also to encourage car dealers to maintain the quality of services and to keep vehicle prices as low as possible by not adding subsidies which of course must be paid in view of the comments made in support of the motion.

Accordingly, Mr. Speaker, to conclude, I simply wish to remind the House that we are dealing with a trade practice that is not quite acceptable, and although it is not illegal, it does not serve the interests of consumers, and I hope the House will support the amendment.

● (1140)

[English]

**The Acting Speaker (Mr. Paproski):** Is the House ready for the question?

**Some Hon. Members:** Question.

**The Acting Speaker (Mr. Paproski):** The question is on Motion No. 7 standing in the name of the Hon. Member for Papineau (Mr. Ouellet). Is it the pleasure of the House to adopt the motion?

**Some Hon. Members:** Agreed.

**Some Hon. Members:** No.

**The Acting Speaker (Mr. Paproski):** All those in favour please say yea.

**Some Hon. Members:** Yea.

**The Acting Speaker (Mr. Paproski):** All those opposed please say nay.

**Some Hon. Members:** Nay.

**The Acting Speaker (Mr. Paproski):** In my opinion the nays have it.

*And more than five Members having risen:*