

underlining exactly this question of providing for a public review. That amendment was accepted by the government. Although it was late, it is better late than never. This is one of the last minute amendments.

The other amendment deals with automotive financial leasing. The government had projected an amendment at the committee stage in the House of Commons, the amendment being completely the reverse of the position taken by the government in the white paper, in Bill C-15, Bill C-14 and in Bill C-6, down to June of this year. That amendment practically amounted to a prohibition against banks operating in the field of automotive leasing, because it established a weight factor. The banks could not operate in that field in relation to any motor vehicle that weighed less than 46,000 pounds. So even in the situation of a tractor-trailer combination, the tractor would be weighed separately, and you would have the anomalous situation then of the tractor weighing less than 46,000 pounds, but the combination of the trailer and the tractor might weigh up to 90,000 pounds. The test would be that the motor vehicle, the tractor, weighed less than 46,000 pounds. So that field was closed to banks.

However, your committee kept bombing away. Evidence was developed to show that there was almost an infinite variety of applications of the leasing principle to motor vehicles, covering areas that automobile dealers did not engage in at all. Therefore, it struck us as a rather anomalous situation that prohibition should be provided to keep the banks out of that area, when the dealers were not operating in it. So we were finally able to convince the minister of this.

At the stage of the report of the Commons committee the minister proposed an amendment to define motor vehicles in such a way that it excluded many applications. They had failed to appreciate, for instance, that there are specialty manufacturers for special types of trucks. The dealers don't operate in that field at all. I am thinking of trucks with special features, such as cement mixers, ambulances, fire-fighting equipment trucks and hydro-electric trucks. Hydro-electric commissions purchase many trucks that have a built-in fully-equipped workshop so that repairs can be done when they are on the road. Bell Canada trucks are in the same category. Because leasing provides a better control of money management and money flow, more and more we find these major companies engaging in the business of leasing. The same applies to many municipalities. Ultimately, the minister proposed an amendment incorporating the features that we had been urging, and that is another one I included when I estimated the 70 to 75 figure.

● (1410)

There were still some points—possibly four in number—on which we were not in agreement with the conclusions reflected in Bill C-6. In relation to three of them, the committee decided that it would not be in the public interest at this stage to propose amendments, the feeling of the committee being that it is time that the Bank Act was passed into law. I suggested to the minister that he might join with us if we included in our prayers: "Lord deliver us from any further extensions of the

Bank Act," and there was hearty applause from the committee to that. We have spend a long time working on it, and it has been worthwhile work.

The three items with which we were not in agreement included a provision added to the bill during the fall by the House of Commons committee prohibiting a charge or penalty for the prepayment of an individual loan, and also providing that if there were a charge or a penalty it would be such as is prescribed by regulation, thereby giving the minister complete control over that situation.

In relation to that, and in relation to the other two items, the committee took the position that it would accept an undertaking from the minister that he would make the necessary changes in the event that the actual operations under the bill bore out the committee's conclusions. We suggested that the minister carry out that review together with the Governor of the Bank of Canada and the Inspector General of Banks within a very short period of time following the passage of the bill.

Then we insisted on a special form of recognition on the other item, which was the inclusion of a 3 per cent cash non-interest reserve on foreign currency held by residents of Canada in a Canadian bank.

Both in the white paper and in Bill C-15, that provision had been contained, but it was much more extensive. Then it provided that any foreign currency on deposit in a bank in Canada, regardless of the source of that currency, used for domestic purposes, was subject to this 3 per cent reserve. We objected very strenuously to that in our reports on Bill C-15.

● (1415)

Then we had the Governor of the Bank of Canada and the Inspector General before us and they agreed with us that the circumstances had not been fully explored in relation to the application of this cash reserve in the form in which it appeared in the bill. It certainly appeared to create a substantial competitive disadvantage to the banks as against the trust companies and as against the foreign banks that had been operating for years in Canada under a financial corporation set-up with a company usually incorporated provincially. And, of course, such companies, trust companies and foreign financial corporations, were not subject to any of the reserve requirements of the Bank Act. The net result was that that provision was changed. I shall not say that it was split in two, but it was put into two parts; and then one part was eliminated. The part retained was this: The foreign currency deposits that were owned by the residents of Canada and were on deposit in a bank in Canada were subject to the 3 per cent non-interest cash reserve. We found, and this was made clear by the evidence given to us, that the dollar amount of such foreign currency deposits that meet that requirement would be of the order of possibly \$10.9 billion, and we found that \$8.5 billion of that would be held in deposits that were, individually, over \$100,000, and mainly in the area of \$1 million or more. The evidence before us indicated that the people who operated such accounts were sophisticated money managers and, of course, all they had to do, if the 3 per cent factor applied, was