

Competition Tribunal Act

like to report to the House that the Government has put a lot of time into studying this issue. Detailed discussions of this matter were held with representatives of the Federation of Automobile Dealer Associations during the consultation process. Moreover, the dealers made their case to and received quite a sympathetic hearing from all members of this parliamentary legislative committee. I personally, and the Government, do not think that amending the abuse of dominant provision, as the proposed motion recommends, is the way to deal with this issue.

● (1120)

The Federation of Automobile Dealer Associations complains that American car manufacturers offer substantial discounts and allowances on new cars to major leasing or rental companies, such as Avis, Hertz, Budget, et cetera. The list is quite lengthy. The franchise dealers do not benefit from the same discounts. As a result they argue that they are put at a disadvantage on the sale of cars that are, in some cases, new or almost new. This practice, which is described in this motion is, however, not an anti-competitive act, as described in Section 50 of the Bill. This is the crux of the problem, how to address what appears on the part of the automobile dealers to be an inequity, and what is concurred in by the legislative committee to be the same.

How do you address it in Bill C-91, the purpose of which is not intended to do anything more than protect competition and encourage competition. The franchising system, which is the one that I think most directly affects this action—the franchising of these dealers and the contractual relations between the car manufacturer and franchise dealer—is where the problem starts. It would be only fair to advise the House that these cars that are sold to the leasing companies are put through franchise dealers. So this is clearly not a case of selling direct to the leasing companies, who in turn receive the invoice and bill it out at whatever price they choose. These cars are sold through franchise dealers.

I suggest that the problem, as unfair as it might seem to a lot of people, consumers and dealers, is really a matter that falls under franchising. Therefore, while I have a lot of sympathy with the automobile dealers' problem, I do not think it properly should be dealt with in the Competition Tribunal Act.

The legislative committee also devoted a significant part of its public hearings and deliberations to the abuse of a dominant position in the market-place. Some changes were made, some amendments were accepted. I am now convinced that this provision contains the scope necessary to prevent anti-competitive conduct without discouraging aggressive and pro-competitive initiatives.

The motion before us proposes to add to the list of anti-competitive acts contained in Section 50. However, I would like to point out to everyone, including the automobile dealers, that this list is not restrictive, and is primarily intended to provide guidance to the tribunal. Therefore, nothing prevents the application of the law to any other practice of anti-

competitive acts that substantially can be proven to lessen competition.

In conclusion, I want to reiterate that another avenue will need to be pursued by the car dealers if they wish to address this particular problem peculiar to their franchising arrangement with the car manufacturers. I therefore ask the House to reject the motion.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise to indicate my support for the amendment. When we look at the way that business operates in Canada we see tremendous advantages to the large companies as compared to the small companies. What we are seeing is an increasing concentration and increasing power by large corporations.

What this amendment says, if I understand it correctly, is that in the leasing of cars the practice which the automobile manufacturers have followed of giving special and large discounts to the large companies which are in the automobile rental business, which obviously gives those companies a substantial competitive edge over the large number of small companies, is clearly that the director would have the authority and the power to at least look at the practices which are followed, and if he saw that this power was being used to lessen competition he would have the right to hold an investigation. I can see every reason for supporting this amendment and no real reason for opposing it.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am pleased to speak on this amendment to Bill C-91. I would like to start off by congratulating the Hon. Member for Papineau (Mr. Ouellet) for his initiative in moving this amendment.

Yesterday morning I had a telephone call from my constituent, Grégoire Automobiles of 378 Notre Dame Street, in Embrun, Ontario. Of course, I recommend to all Members that if they want to buy a good car they can go to my riding and do so there. More importantly at this point, I want to raise with you the fact that Mr. Raymond Grégoire of Grégoire Automobiles telephoned me yesterday morning to lobby for this particular amendment. I think it is very significant that automobile dealers are concerned about some of the discounting practices that go on. Mr. Grégoire was explaining to me that large automobile rental and leasing firms now purchase cars cheaper than he can as a dealer.

Obviously what you are thinking at this point is that this is certainly unfair competition, and you would be quite right to think that. Mr. Grégoire would agree with that. What he was telling us yesterday morning was that the present practices are extremely unfair. They allow these large fleet operators, leasing companies, Budget, Avis and Hertz, and all those other folks, to purchase automobiles, use them for an extensive period of time and then sell them back and compete both in the used car market, and in the new one really, because they are not purchasing from the dealers, in such a manner that it affects business for everyone else.