

These are certainly areas of small business where the government can and should take action if it is interested in people rather than statistics.

Everywhere the small businessman and the farmer turn they are faced with high prices, high interest rates, and high taxes. This bill is tokenism only, and it will not correct a longstanding disgraceful neglect of the actual needs of these people. It is also shocking that it will automatically expire in another three years. The people involved as potential beneficiaries under this legislation should have the assurance that it is something of a permanent nature. The government should show some commitment to this part of the business population by making it permanent. It should have a provision for some type of regular review, but it should not be temporary legislation.

The basic problem with this legislation—and I implore the minister to do something about it by way of amendment at committee stage—is that which was pointed out by my friend from Okanagan-Kootenay who said these measures are unknown to the people. They are unknown because they are unused. The reason they are unused is because the system of guarantees does not allow the lending institutions to use the bill.

The system of having a fixed interest rate with a federal guarantee is not appropriate. This interest rate should be flexible in nature, so that as government changes the effective interest rate in the country the bill could be useful at all times. As it stands now, it is only when interest rates are extremely low that lending institutions cannot afford to lend money. They may not be low because in the last five, six or seven years we have had high interest rates compared to what they were 10 or fifteen years ago. They cannot lend money because the interest rate does not allow them to recover the cost of the money they are lending.

The only people who can benefit from this legislation are those in the very upper limits of size who can still qualify. In those cases, lending institutions can put together a package that would be profitable to them. Part of the loan could be under a demand situation at prime plus something, and part of it could be under this. While they might lose money on what they lend on this, they will make it up on the rest. For those who are small and who are depending entirely on this legislation, they just do not have a hope of obtaining any money.

No credit union, bank or any other lending institution under this legislation can afford to lend strictly on the basis of this bill. The government in its own direct lending programs—the Federal Business Development Bank and the Farm Credit Corporation—has higher interest rates than the rate allowed under this legislation. Serious consideration should be given to allowing a floating interest rate so that people who are potential beneficiaries under this legislation would actually have something they could use. They should have, for example, prime plus one as the interest rate. Then the government guarantee will help make up for the loss in the interest rate. That was the original intention. There was a lower interest rate in this legislation because of the government guarantee.

Improvement Loans

The guarantee cannot be worth enough to persuade lenders to lend for less than they have to pay for the money themselves.

The minister should give some sort of consideration at committee to bringing some relief in that regard. As it stands now, it does not matter whether the lending limits are increased to \$250,000 instead of just to \$75,000. It does not matter if the potential government guarantee is increased to \$5 billion rather than what is proposed in this bill. If the lending institutions cannot make something on the loan, they are just not going to make it.

The Acting Speaker (Mr. Francis): Is it the intention of the House that the Minister of State for Small Business (Mr. Marchand) should speak at this time? If he does, he will close the debate.

Some hon. Members: Agreed.

Hon. Len Marchand (Minister of State (Small Business)): Mr. Speaker, I am not going to take too much time this afternoon because there is another bill which is slated to follow mine. Some hon. members are perhaps anxious to try to get that bill through the House as well.

I want to thank all of my colleagues who have participated in the debate for their kind words and their generous support. By and large, there has been a willingness on the other side of the House to try to get this bill passed as soon as possible. After discussion in committee stage, I hope we can pass this bill and have it made the law of the land before the July 1 deadline of which we are aiming.

I do not want to deal at length with the proposals that were put before me, but I would like to deal with a few of them. The hon. member for High Park-Humber Valley (Mr. Jelinek) talked about a number of things. One of the things he mentioned was the reduction of paper work. This is certainly a priority of mine. We have already made some considerable strides. As announced a few months ago, this year 120,000 firms in the construction, transportation and the manufacturing industry have to report to Statistics Canada under at least one of the reporting requirements. Very shortly I hope to be able to introduce some amendments to the Corporations and Labour Unions Returns Act which will knock off 70,000 of 90,000 firms which have to report under the law. I think all this represents a considerable start on the reduction of paper work which is a great burden to small business. I assure hon. members opposite that this is a priority of mine and of the government. In this regard we have only made a beginning with this important measure.

● (1540)

The hon. member for Okanagan-Kootenay (Mr. Johnston) and the hon. member for Palliser (Mr. Schumacher) talked of the difficulties of securing money under the Small Businesses Loans Act. I well recognize the difficulty. I suggest that there is not one member of this House who has not received serious representations from constituents about the lack of funds available under the Small Businesses Loans Act. The hon.