

● (2200)

Mr. Baker (Grenville-Carleton): On a point of order, Mr. Speaker—

Mr. Speaker: Order, please. It now being ten o'clock the hon. President of the Treasury Board (Mr. Chrétien) had indicated that at ten o'clock he would be tabling certain documents. Perhaps he would be prepared to do that.

Hon. Jean Chrétien (President of the Treasury Board): Mr. Speaker, I should like to table a copy in English and French of the figures requested by the hon. member for Egmont (Mr. MacDonald), and request that they be appended to today's *Hansard*.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

[*Editor's Note: For text of documents referred to above see Appendix "C".*]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

FINANCE—SMALL BUSINESS LOANS—REQUEST FOR CHANGES IN REGULATIONS TO ALLEVIATE DIFFICULTY IN OBTAINING LOANS

Mr. Speaker: The hon. member for Victoria-Haliburton (Mr. Scott).

Mr. Baker (Grenville-Carleton): On a point of order, Mr. Speaker—

Mr. Speaker: Order, please. There is no provision in the Standing Orders to take a point of order on the adjournment debate.

Mr. Baker (Grenville-Carleton): On a question of privilege—

Mr. Speaker: The hon. member for Victoria-Haliburton (Mr. Scott).

Mr. Baker (Grenville-Carleton): Mr. Speaker, I was on my feet as you were, and began a point of order before the adjournment debate.

Mr. Speaker: Order, please. The hon. member for Grenville-Carleton (Mr. Baker) is on his feet. I rose, having allowed a question which took the clock beyond ten o'clock, a supplementary question—I rose to begin proceedings pursuant to Standing Order 40, and there is no provision to interrupt the adjournment debate or the very strict proceedings that surround the adjournment debate which begins at ten o'clock.

Mr. Baker (Grenville-Carleton): I was on my feet.

Adjournment Debate

An hon. Member: They have gone mad, the whole damn bunch of them.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, on November 28 I asked the Minister of Finance (Mr. MacDonald) if he would consider changes in the legislation under which the government guarantees loans to small businesses at an interest rate of 8 per cent. My main concern was directed at the difficulty experienced by many small businessmen and women in rural Ontario in obtaining these loans, and I was encouraged by the minister's answer that he would take my question as notice.

I would like to say at the outset, Mr. Speaker, that I was not and am not finding fault with the guaranteed loans program itself, but rather with just one aspect of what is proving to be an excellent source of low interest financial aid for small businesses. Considering that the interest rate on conventional loans is in the neighbourhood of 13 per cent, then the interest rate of 8 per cent for these guaranteed loans is attractive to small business people.

In 1974, Mr. Speaker, the increase in approvals of loans under this program was approximately 150 per cent, and in Ontario the increase was about 100 per cent, which is the best possible proof that the program is providing a service. I should point out, that this high rate of increase in loan approvals under this program creates the impression that every business person who qualifies should get approval of a loan, but that is not the case.

This program was brought to my attention recently by businessmen in my riding who had applied for loans under this legislation, had them approved at the local bank level, and then had their applications rejected by a regional office of the bank. Understandably they were at a loss as to how this could happen. After checking into the matter I found that it can happen very easily, but I also found that it would be difficult to find anyone at fault.

Banks in small towns have to borrow money to lend from their area or regional offices. They are expected to pay about 9½ per cent for the money, and under the guaranteed loans program they cannot charge more than 8 per cent. And so, Mr. Speaker, the simple fact is that banks have been lending money under this program at a loss for a long time. Many banks are prepared to do this, though, in the hope of gaining it back in the long term from other types of loans.

When this is coupled with the fact that banks are not compelled to grant loans under the guaranteed loans administration, then I would suggest that the banks that do grant such loans are acting responsibly. I think that this is borne out by the increase in loan approvals under the program that I mentioned earlier.

In the case of loans that are disapproved at regional levels, Mr. Speaker, I can only assume that the banks in question have examined the situation closely and decided that there would not be any advantage, in the long or short term, in granting the loan. I think that is understandable, since they must weigh the loss of one and a half percentage points on the face of the loan, in addition to the cost of processing and handling the loan, against the volume of business a particular community will generate over that period.