

FARM IMPROVEMENT LOANS ACT

AMENDMENT TO INCREASE LOANS TO \$75,000 FOR IMPROVEMENT OF FARMS, BUSINESSES OR FISHERIES

The House resumed consideration of the motion of Mr. Marchand (for the Minister of Finance) that Bill C-48, to amend the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, it is not very often that I have an opportunity to lead off even the resumption of a debate on a bill on so beautiful an afternoon as this, with so fine and obviously alert an audience as we have in this chamber today. Bill C-48 is an act to amend the Farm Improvement Loans Act, and Small Businesses Loans Act and the Fisheries Improvement Loans Act, but I would confine my remarks to the Small Businesses Loans Act section of this three-part bill.

Anyone who moves into farming these days is not likely to do so without extensive consultation as well as considerable background in that difficult industry. The road into many branches of the agricultural industry is somewhat closed off by such things as quotas without which the operation cannot begin, let alone become profitable. The same applies to the Fisheries Improvement Loans Act. People do not accidentally find their way into the fisheries industry, either. If anyone who knows little about that attempts to move into that industry, he will find there are various roadblocks in the way of licences on both coasts. Thus, it is a little rare to find an amateur in fisheries.

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Small business is a little different because this is an area in which people sort of find their way or stumble on occasionally. It is one of the very few places where any downward flexibility is allowed. The right of the small business person to go broke is one of the few areas in which we find prices declining or profits reduced. This brings me to one of the main problems confronting the departments involved with Bill C-48 and with small business. No matter how rapidly we pass this bill through the House, there will be too many people in small business who will not know about it and who will still not know about the Small Businesses Loans Act. I have always been surprised by the number of letters I receive from small businesses inquiring where they could raise any capital or where they could raise capital at a rate somewhat lower than the going rate charged by the banks.

These people do not know that something called the Small Businesses Loans Act exists. It has existed for some time. We are not originating in this bill, by any means. The saddest of these letters come from people who have arranged a loan with their friendly bank and have learned later that there is a Small Businesses Loans Act. They find themselves stuck with an interest rate they cannot really afford, particularly if there is a business decline in the local economic situation. Those letters

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are very sad, because it is a little late to send out the pamphlet on the Small Businesses Loans Act and to direct the person to ask his banker about the act. There is a problem here of acquainting small business people with the act and its possibilities.

I would suggest to the Minister of State for Small Business (Mr. Marchand), who is in the House today, that he get together with the Minister of National Revenue (Miss Bégin) to find a better use for that revenue officer who seems to exist in every community and small town and who spends his time travelling around to the local arts and craft shows endeavouring to spot a craft operation that he suspects is about to become a business.

He notifies those people that the Department of National Revenue is very interested in their 12½ per cent. I have seen that in operation. I know the concern of craftsmen. Because the revenue officer is not terribly artistic but is very, very crafty, he decides it is not art and has gone beyond small handicrafts. Then there is a request for an order to register as a manufacturer. I would urge the Minister of State for Small Business to see that the various other branches of government which are involved with the handicraft industry proceed with a thorough reform of that industry's taxation problem.

That is an area which needs a great deal of attention. If that person who has been ticked off to do that rather odious job can be directed up and down the street to small businesses handing out the informational leaflet on the Small Businesses Loans Act, I believe the effect, even in terms of revenue for the government through better and larger small businesses, would pay off more than the other activity which seems to be nationwide. I know it has happened here in Ottawa and in the Okanagan as well. We know the virtual harassment that has gone on concerning small business over the years. It is an harassment which the minister has announced he plans to end.

Rather than some of the mailings that go out demanding statistical information, there might as well be some informational mailings on something like the Small Businesses Loans Act so that these people know and are reminded annually that this act exists and what its provisions are. But that will not be enough. Over and above that, there will have to be warnings to the banks. The situation where the small businessman goes to the bank manager and asks for a loan and is not told about the act is absolutely intolerable. As long as small business loans are being handled through the banks, it seems to me there is an onus on the loan officer, the bank manager or whomever to make the possibility known to those who inquire.

Ten years ago I sat through the decennial revision of the Bank of Canada Act, and sat through hours and hours of presentation on the part of the banking society of this country in regard to the terrible fate that would befall the banks if we did not raise the interest rate and did not free it from the 6 per cent limitation that it had at that time. Thus, it was freed. Everyone knows some of the results. Since then, in every major city of this country the banks have found banking sufficiently profitable to raise those glorious erections in a sense, I suppose, to male chauvinism, because there has been a marvellous