

*Adjournment Debate*

Over the summer I talked to several business people in my district of Malpeque, Prince Edward Island. Many of them expressed concerns to me about their fear of not being able to continue and how much longer they could really weather this recession.

In August I heard from a tourist operator who has been experiencing some tough times over the past two years. This is a tourist operator who has been in business for a decade. As I say, she has had two rough years, last year and this year.

She wanted to renegotiate her mortgage payments over a longer time to take off some of the pressure. She had hoped to do this under the small business financing program. After consulting with four financial institutions on Prince Edward Island, two of them never even bothered to look at her application and the other two simply said that her revenues were down.

You can imagine the frustration of this constituent. It is understandable that she is frustrated because of course revenues are down in nearly all businesses across this country. If her revenues were up, she would not have been in there trying to renegotiate her loan.

To demonstrate the anguish that small business people are feeling across this country, I want to quote from her letter. She said: "I thought these programs were to help small businesses in financial difficulties due to the recession. However, it seems your business has to be making money in a given year just to be eligible." She adds at the end of the letter: "Maybe the government would rather see me on welfare, getting paid to do nothing, rather than helping me stay on my feet".

Those two paragraphs are from a letter of a business person in my constituency who has been a successful tourist operator for the past decade. I am not saying that these small business loans are of no use. Certainly, they help some businesses. However what I am saying is that I believe they can be improved. They can be simplified and they can be better tailored to meet the needs of small businesses.

I challenge the government to look at these programs, to make the necessary changes so that the programs are better able to meet the needs of the small business people.

Finally, pressure must be placed upon lending authorities to ensure that they are sensitive to the problems of small businesses and that financing remains available for these small businesses through the tough times, like the example I referred to of the tourist operator in my district.

This recession has dragged on too long. The least the government can do is to ensure small businesses have access to the financing they need to grow, expand and create the much needed jobs which this government's policies have failed to do.

**Mr. Jim Edwards (Parliamentary Secretary to Minister of State and Leader of the Government in the House of Commons):** Madam Speaker, I listened with care to the comments of my hon. friend opposite who, as usual, has addressed this issue with careful preparation, thought and as a constructive debater.

As a reflection of the seriousness with which the government views the issue of the availability of financing for small business, the minister of state met with financial institutions on several occasions to express concern over the tightening of credit, real or perceived.

While there is still room for improvement, we have seen some progress with the freezing and in some cases, reduction of the level of service charges by several of the banks.

At the same time, it is important to recognize that the government has already taken action and is also in the process of expanding a number of measures that address this problem.

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With inflation under control and interest rates down to levels we have not seen for 20 years, Canada now enjoys one of the most stable and favourable investment climates of any industrialized country. This by itself should remove much of the uncertainty that has unnerved financial decision-makers over the past several years.

Improvements to the Small Businesses Loans Act program, including a doubling of the amount that could be guaranteed, will be introduced later this year. It is interesting to note that loans registered under the SBLA program in the first quarter of this fiscal year were up by 9 per cent over the previous year. Activity since the end of June indicates that this trend is continuing. This would appear to be an indication that this government guaran-