

Government Orders

regulate it lower. As one of my colleagues was saying earlier, for the moment it is at 85 per cent. It could drop to 60 per cent. It could drop to 50 per cent. We really do not know.

What is of concern in all this is that the government is giving itself the option in the bill before us to lower the ceiling by regulation. Government by regulation is reprehensible. I think the House of Commons has to take measures to ensure that the bills passed are good for the country. I think, when legislation gives the government the option to decide things of this importance by regulation, we are running the risk of hurting the country's business people.

• (1545)

There is also another provision in the bill that causes us some concern. Basically the aim of the amendment in the bill is to have moneys paid by the Minister of Finance in the event of a bankruptcy absorbed some other way. In other words, the Minister of Finance does not want to see the \$100 million planned for this year back again next year. Another way for the government to ensure that losses are cut or even eliminated is for the program to be self-sufficient.

My colleague, the Parliamentary Secretary to the Minister of Industry, said it well: "How are we going to go about recovering costs?" Administrative measures will be taken. An annual administration fee will be charged. There will also be a claim processing fee.

The bill provides that these administrative fees are not to be paid directly by the business people. It does provide that they can be paid by the business people indirectly. In other words, the interest rates on loans could be raised to cover the administrative fees that the banks would have to pay.

This means doing rather deviously or hypocritically what cannot be done directly.

I would like to think that government finances are important, but the program's efficiency is going to be reduced by this measure. It will be reduced, because the banks are not going to go out of their way for business people. By definition, the banks want to be profitable and they charge the highest interest rates the market will bear.

As a result, entrepreneurs will have to bear higher costs in order to meet program requirements. This is one measure that causes serious concern among the members of the Bloc.

There are some items that we would certainly have liked to see included in the bill which are not there. The Parliamentary Secretary to the Minister of Industry has said that the measures proposed in the bill were discussed in the Standing Committee on Industry and are contained in its report tabled in October 1994: *Taking Care of Small Business*.

Although the Bloc was considerably involved in the drafting of this report and endorsed the bulk of its recommendations, it made a number of comments, in the form of recommendations, amendments or notes, which we felt improved upon the proposals for making the Small Business Loans Act more efficient and effective. One of these proposals was that "the Small Business Loans Act ought to provide guarantees for small business operating capital loans. To implement such a measure, the government should carry out a cost analysis of such a program and take a responsible fiscal approach".

We know that the loan guarantee given is intended to help businesses meet expenses related to very specific aspects such as buildings and equipment, but not working capital. The problem is that, in recession conditions and crisis situations, and as a result of certain changes in the Bankruptcy Act as well, there are many small businesses which need financing for their working capital for a time, but they cannot take advantage of the act as it stands to obtain either financing or a guarantee of financing.

• (1550)

To improve the way we help our small businesses, the Bloc Québécois would have favoured an amendment saying that the operating capital of a business could also be financed with a government guaranteed loan under the Small Businesses Loans Act.

There are a number of things we find disturbing in this bill. I mentioned the reduction in the maximum rate, which means fewer businesses will have access to the program or those that do may have to meet more requirements. Second, there is the matter of administration fees which we think will be passed on to businesses through an increase in the interest rates they will have to pay. And third, there are aspects that are not covered by the legislation such as the financing of operating capital.

That is why the Bloc Québécois will discuss the bill in committee, and propose amendments that will probably be along the lines of the comments I just made.

I would like to make a few more comments as I conclude my speech. This may annoy some government members who will probably think that I am not on topic or other members who will say: "Duplication and overlap, here we go again. It is the same old sovereignist or separatist refrain from the Bloc". In any case, as I mentioned in my introductory remarks, in Quebec we have a number of programs with substantially the same objectives. Take the Paillé plan, named after the present Minister of Industry, which also provides for loan guarantees. Take what is being done by the Société de développement industriel du Québec. Since I became a member of Parliament, I noticed that many constituents who want to start a business are told to go to the provincial office and the federal office. In fact the situation is not quite clear. Often there is out and out competition.