

Government Orders

They are creative, independent, spirited and ready to take risks.

One of the biggest hurdles which these risk takers have to face is that of obtaining capital, especially start-up capital. That is why we are proposing in Bill C-56 an extension to the Small Businesses Loans Act. The Small Businesses Loans Act is a popular federal initiative which is invaluable in encouraging the start-up and growth of small businesses in Canada.

[*Translation*]

Being from an outlying region myself, I am in a good position to tell you how important this tool is for regional development.

[*English*]

The program facilitates loans for the purchase of fixed assets for small businesses with annual revenues of less than \$2 million.

These loans can be up to \$100,000, though the average loan in 1988-89 was about \$38,000.

The government's role is to provide lenders with a guarantee for reimbursement of 85 per cent of any losses incurred on eligible loans. The private sector's role is to assess the risks and deliver the loans.

This is a division of the responsibilities which we believe leaves business free to do its job of looking after business while the government sticks to its role as a facilitator, enabling the private sector to go for growth opportunities.

[*Translation*]

In 1988-89, about 18,000 companies benefited from loans made under the Small Business Loans Act. If these businesses were located side by side, they would line both sides of a street extending from Toronto to Barrie, Ontario.

About 40 per cent of these loans were granted to help new businesses start up. If these loans had not been given, it is likely that these companies could not have begun operations. That makes this law an essential tool for maintaining the growth and development of entrepreneurship in our country.

[*English*]

The bill asks for a three-year extension to this highly successful program and provides for a loan ceiling of \$2 billion for the total amount of loans registered.

The three-year extension starts March 31, 1990 when the existing act expires.

During the course of the extension we will be continuing our examination of the program to ensure that it meets the needs of small businesses.

We will be looking seriously at ways in which the program could be enhanced by possibly modifying terms and conditions and eligibility requirements. Because of the critical importance of this program, the Minister of State for Small Businesses and Tourism will be taking a personal interest in this review.

I ask the House through you, Madam Speaker, to give this bill urgent consideration. Lenders and their small business clients must know well in advance of the March 31 deadline that the program will continue.

It is a popular program. It works. It contributes to the good health and potential of Canadian entrepreneurs.

[*Translation*]

Mr. Alfonso Gagliano (Saint-Léonard): Madam Speaker, I welcome this opportunity to take part in this debate on a bill that will amend the Small Businesses Loans Act by extending it for another three years, until March 31, 1993. First of all, Madam Speaker, I would like to say we intend to co-operate with the government so that Canada's small businesses will know that on April 1, they will still have the use of this development tool they so badly need.

That being said, Madam Speaker, I would like to provide a little information on developments in this area during the past five years, and especially in this legislation, because some major changes were made in 1985.

Let me say, first of all, so that people will understand the importance of small business in Canada, that these businesses, all of which have fewer than 50 employees, created over 95 per cent of the jobs in this country in recent years, paid 25 per cent of all salaries, were responsible for about 8 per cent of the total value of Canada's exports and are responsible for 25 per cent of the Gross National Product.

To get back to our subject this morning, the Small Businesses Loans Act, the legislation, which has existed