

Small Businesses Loans Act (No. 2)

unchanged. What does that mean? What is the impact of that change?

Some hon. Members: Oh, oh!

Mr. Lonsdale: I notice that the hon. member for—

Mr. McDermid: Brampton-Georgetown!

Mr. Lonsdale:—Brampton-Georgetown (Mr. McDermid) laughs at that. However, one further, important advantage of that switch is that wholesalers will be able to apply their inventory of goods without the payment of the sales tax. It is estimated that this will lower their inventory financing. We have spoken about inventory financing and the tremendous costs of interest rates to inventory financing. It is estimated that inventory financing requirements will be lowered by as much as \$400 million. I think that is a considerable and important incentive which will lend assistance to the small-business men who are trying to maintain a reasonable inventory control at a cost they can continue to finance.

One talks about flexibility in government and how the government responds. I have just given three examples showing how the government has responded to the interests of small-business men in this country. However, let us look precisely at the Small Businesses Loans Act which was introduced in 1961. Since then, there have been five significant changes in that legislation to respond to the needs, requests and demands of the small business community in this country. Since 1961, there have been a number of changes to the legislation, of which the most significant are as follows: In 1974, first of all, the maximum loan amount outstanding to any one borrower was increased from \$25,000 to \$50,000, and a small business was defined as one with a gross revenue of less than \$1 million. Again, in 1977, the legislation was amended so that the total amount permitted to be outstanding by the borrower was increased from \$25,000 to \$75,000, and the size of an eligible business was increased to \$1.5 million in gross revenue. Again, on February 8, 1978, the interest rate formula was changed to permit a lender to charge a maximum of a bank prime plus one per cent, and the rate was permitted to float with the prime rate for the term of the loan. However, this time the criteria defining eligible businesses was widened even further to include the real estate business, which was booming, and the insurance agents and brokers. Again, in 1978, the administrative responsibility for the act was transferred from the Department of Finance to the Department of Industry, Trade and Commerce, so the board could be more closely attached and attuned to the business community. That was a significant move in 1978. Again, on July 1, 1980, the maximum total outstanding available to a borrower was increased from \$750,000 to \$1 million. I do not think I have ever seen such flexibility on the part of the government. Nor have I ever seen a mechanism whereby the government actually responded to the small business needs and concerns as it does with the Small Businesses Loans Act.

● (1550)

We are making recommendations today to allow the Small Businesses Loans Act to raise the loan ceiling so there will be adequate funding over the next year and a half.

I think it is important to get on with this bill so we can allow our small-business men access to the kind of funding they require. What we have to do now is to stop the shallow criticism of this important legislation, legislation which has contributed \$1.8 billion in small business loans assistance to the small business community in this country. It would be much more helpful to the government if members opposite would look at the positive things which the government has been doing for small businessmen, not only in the area of the Small Businesses Loans Act but also in the area of the \$550 million worth of incentives outlined in the November 12 budget. These incentives will ease the tax burden on small business corporations across this country.

Bill C-84 is the first step of many steps that have been taken in the past in the small business financing review program and it is now being reviewed by the federal cabinet. We hope to have that review in the very near future so that we can provide even more incentives and assistance to the small business community in Canada. If we do not approve this bill today, the spin-offs needed in other manufacturing sectors will not occur in the next six months. It is important that we continue to have this program financed to allow the small business people in Canada the opportunity to have access to funds that will hold them over until the small business financing review is complete and a new policy with respect to small business financing is announced by the cabinet in the new year.

I want to say that the small businessmen and women of this country need this money. They need this extra funding to allow them to continue to create the jobs that this country needs.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, it is a pleasure for me to rise to support Bill C-84. As we are all aware, the small business loan had its genesis in the government of the late John Diefenbaker. The man who was responsible for the legislation there is in the House today, namely the hon. member for Northumberland (Mr. Hees). He was then minister of industry, trade and commerce. I might add that he was the best minister of industry, trade and commerce that this country has ever seen. The hon. member for Northumberland saw the picture from all sides of the spectrum, as a manufacturer, as a politician, as a member of Parliament and as a minister. I understand, although I was not here at the time, that when he was minister, one of his first acts was to call all of his trade commissioners together. He took them home for a pep talk and gave them some plays from the bench, which are so badly needed by this government. To each of the trade commissioners he gave a set of cuff links with the initials "YCDBSOYA" imprinted on them, which translates loosely "You can't do business sitting on your posterior". The hon. member for Northumberland knew the name of the game. The name of the game is sales, competition, profits, as little