

# HOUSE OF COMMONS

Thursday, February 28, 1985

The House met at 11 a.m.

● (1105)

## GOVERNMENT ORDERS

[English]

### SMALL BUSINESSES LOANS ACT

#### MEASURE TO AMEND

The House resumed from Tuesday, February 26, consideration of the motion of Mr. Bissonnette that Bill C-23, an Act to amend the Small Businesses Loans Act, be read the second time and referred to the Standing Committee on Regional Development.

**Mr. Norman Warner (Stormont-Dundas):** Mr. Speaker, it is a pleasure for me to speak on Bill C-23, an Act to amend the Small Businesses Loans Act. It is also a pleasure for me to speak for the first time in this House on any Bill.

**Some Hon. Members:** Hear, hear!

**Mr. Warner:** It's very nice to get the applause before the speech. I would also like to thank my electorate who sent me here last September to be part of this new and dynamic Government.

The riding of Stormont-Dundas comprises the entire counties of Stormont and Dundas and almost the entire township of Charlottenburgh in the County of Glengarry. It stretches along the St. Lawrence River some 80 kilometres from Lancaster in the east to Iroquois in the west. It extends north of the St. Lawrence River approximately 40 kilometres to include Winchester, Chesterville, Morewood, Chrysler and Moose Creek.

The City of Cornwall is the only city and the largest community in my riding, with a population of approximately 46,000 people. The rural area has some 1,900 farms, of which 42 per cent are dairy operations. Cornwall and other communities in the constituency are among the oldest settlements in Ontario and Canada, having been established over 200 years. Last year Cornwall, along with other communities in my riding, celebrated its bicentennial.

The mother tongue of the residents of the constituency is approximately 72 per cent English and 25 per cent French. Unemployment in our area is quite high. Of course, we are most concerned with positive and progressive developments in our area. We are expecting a few new companies to locate in

Cornwall in the immediate future. We are doing all we can to encourage other manufacturers and businesses to locate in Stormont, Dundas and Charlottenburgh as well.

We are quite fortunate to have access to excellent transportation facilities with highways, railways and the St. Lawrence Seaway all running through our area. We are also very fortunate to have the least expensive hydro-electric power rates in Canada, some 28 per cent less than the surrounding areas. I invite all Members to visit the people of my area. We are located within a one-hour or one-and-a-half-hour drive from Ottawa. Hon. Members would be very warmly welcomed by all of the people there.

The majority of the discussions on Bill C-23 have been very positive and supportive. The Bill is recognized as basically housekeeping and modernizing the Act which has been so popular in the past. In the last five years the activity in this area has more than tripled. In 1978 the amount of loans written was approximately \$176 million, while in 1983 the amount increased to \$691 million. At the same time the number of loans increased from 7,300 to over 25,000.

This activity certainly indicates the popularity of the Act and the very useful purpose that it has for small business across Canada. There were only two areas that seemed to have created very much controversy and those were the areas of the administration fee and the concept of participation in losses. The 1 per cent administration fee on loans made after April 1 will be imposed on the banks and will certainly help to defray some of the costs of the program. It is also a provision of the Act that this charge will not be passed on to the borrowers.

● (1110)

Also effective April 1 the federal Government will absorb 90 per cent of the losses as compared to the full 100 per cent of the losses which had been absorbed in the past. In 1984 losses or claims on this program amounted to some \$43 million and it seems to be only good business practice that the underwriters of these loans participate to a certain extent in the absorption of losses and also pay a reasonable fee for the insurance protection that they are receiving.

I feel quite strongly that our financial institutions in Canada are the most appropriate vehicles for the Government to be using to distribute its programs. They are the most simple of vehicles and have the greatest lack of bureaucracy. Those small-business people who have dealt with such companies or concerns as the Federal Business Development Bank know what bureaucracy can be, particularly when they are trying to get a loan through quickly to solve an immediate problem. I would hope that in the future, if the Federal Business Development Bank is not going to be active in this area, we will see fit