

*Small Businesses Loans Act*

is passing that responsibility over to the Governor in Council. If the Governor in Council decides in the future to decrease the availability of loans, to increase the amount charged in terms of interest rates, or to increase the amount of regulation required, it can be done without any reporting to the House. Notwithstanding any other provisions of this particular Bill, the fifth provision is a clear abdication of the responsibility of the Government to live up to the promises it made to taxpayers on September 4.

In a similar vein, the third promise was to reduce the level of taxation facing small business and the complexity of the tax system with which it must cope. We do not see a move to reduce the level of taxation, but in fact there is a move to increase it by imposing a 1 per cent user fee on all people who are currently able to take advantage of the provisions of the Small Businesses Loans Act at no charge. While the Hon. Member for Guelph (Mr. Winegard), who has been in business for a long time, may feel that a 1 per cent deterrent—and he did call it a deterrent in the House—may not be very large, I can tell him on behalf of all new and struggling businesses, and those businesses that in fact create new jobs for Canadians, that a 1 per cent surcharge on a loan which can potentially be in the hundreds of thousands of dollars can be a very severe detriment. Not only is the Government suggesting that 1 per cent surcharge or that 1 per cent user fee, which even government Members decried in the Chamber today with respect to the Government's decision to start charging user fees in the agricultural sector, it is also suggesting that it is not prepared to stand behind the small businesses of the country by offering 100 per cent loan guarantees.

I do not know how many Members of the House have had dealings with banks. I am surprised to see that the NDP has not taken a more progressive attitude in this particular respect. Anyone who expects that banks will not look harder and approve fewer loans as a result of this measure is simply not in tune with the realities of cash flow difficulties currently facing small businesses. I am sure there are Hon. Members on all sides of the House who could rise and indicate the problems which small businesses have with banks. They have been well documented. I am sure they could attest to personal difficulties or recount personal horror stories in which they or their constituents have been subjected to great difficulty.

Banks are not prepared to take risks. If we reduce by 10 per cent the amount of government guarantee for banks, we will find ourselves in a situation where the already squeezed cash flow, which is currently not being made available on an equitable basis to small business in comparison with large business in the country, will in fact be even further reduced, coupled with a 1 per cent user fee. This basically tells Canadian small business people—

**Mr. Riis:** Banks pay the user fee.

**Ms. Copps:** I understand that. Just as the Hon. Member for Kamloops-Shuswap (Mr. Riis) said with respect to CMHC, eventually it is the consumer who pays, whether he be a borrower in terms of a house or a borrower in terms of a

business. Surely the Hon. Member does not think that banks will give a free ride on the actual user fee. Of course banks will pass that particular cost on to borrowers. If the Hon. Member thinks that banks will pick up this particular 1 per cent fee without passing it along in terms of increased charges to consumers of lending services, he does not understand the way in which banks work or he has not looked at a bank service charge lately.

I should like to refer to another promise—

[*Translation*]

—made by the Government before September 4. They said they would improve the financial options for small businesses. But now we see what they are doing with this Bill. They are doing exactly the opposite, because what they are asking for is more than simply giving all responsibilities to the Governor in Council. Henceforth, the Government will no longer prescribe regulations governing loans made under this Bill. According to Clause 5, it will be up to the Governor in Council to decide whether the regulations should be changed, whether the rate of interest ought to be lower or higher.

Even if we were to agree to the rest of the regulations, Clause 5 makes it quite clear that regulations governing small business loans will no longer be made by this House of Commons. The Governor in Council will change anything at any time at will, and that is why, Mr. Speaker, I am saying that this Government has adopted this kind of Pontius Pilate approach, contrary to the promises made during the last election campaign, before September 4.

Well, Mr. Speaker, I am waiting for questions—

**The Acting Speaker (Mr. Paproski):** I regret to interrupt the Hon. Member.

[*English*]

I regret to interrupt the Hon. Member, but I should like to advise her that it is now five o'clock and we have to go on to Private Members' Business. Before doing so, however, I should like her to know that she has five minutes remaining as far as her speech is concerned and the 10-minute question and comment period will follow when the Bill comes back to the House.

[*Translation*]

Order, please. It being five o'clock, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.