

● (1120)

Like the loan ceiling, the cost-sharing ratio will be amended pursuant to the Appropriation Act. This way, the Government will be in a position to readjust the ratio, subject to parliamentary approval, based on the changes in the economy and the financial needs of businesses.

The last major amendment to the Small Businesses Loans Act provides for only one fee equivalent to one per cent of the amount of the loan allowed under the Act. Let me explain. When a business borrows \$50,000, the bank or lender will have to pay one per cent just once, upon granting the loan and applying to the Government for a guarantee. That fee will cover part of the cost of the program to the Government and will ensure that the program is continued in the private sector. It is quite reasonable to ask for a fee on a loan guarantee, and the Small Businesses Loans Act is one of the few such programs not requiring a fee. That one per cent fee will not be prejudicial to the small businesses which take up loans under the program. They will still be paying the same rate of interest as provided for in the Act, namely one per cent over and above the prime rate. Assuming that the loans level stays at its current figure at about \$900 million a year, that fee will bring in some \$9 million a year to the Government, to cover for loan losses. The overall impact on the lenders' rate of return over that period or over the term will be minimal. The volume of loans should not therefore experience a significant decrease.

The review made by the Department before the drafting of the amendment pointed to certain small administrative problems in the Act. Accordingly amendments are proposed in order to clarify the registration requirements for loans and payments in respect of applications, and to give the Minister the authority to make regulations as needed for the proper administration of the Act.

Mr. Speaker, Members from every party in this House are aware of the importance and of the significant contribution of small businesses in the Canadian economy. Further more, 95 per cent of Canadian businesses have a yearly turnover of less than \$2 million and they contribute one-third of the private sector's gross national product. They also account for 25 per cent of jobs in Canada. Between 1978 and 1982, they created just about all the new net jobs in Canada. A large number of small businesses are owned and operated by Canadians. Therefore, they do create economic activity in every city, town and village and make a major contribution to regional economic development and to import replacements, to local economy diversification and to innovation. Also, we feel that the growth and vigour of small businesses are essential to the long-term viability of the overall Canadian economy. The provisions in the Bill I am introducing today make up the most complete overhaul of the Act since it came into force some 25 years ago.

The \$300 million raise in the loan ceiling for the current period will ensure that loans are granted until April, when the new loan period begins. The new loan period will extend over

Small Businesses Loans Act

five years, as of April 1st. This proves this Government's commitment to the needs of small businesses. Moreover, raising the maximum qualifying turnover figures will allow a larger number of small businesses to obtain loans under the program.

The new rules dealing with joined borrowers will remove an artificial obstacle to the growth of small businesses. Moreover, a ratio for the sharing of losses and low security costs will reduce the total costs incurred by the government and will more equitably divide loan losses while maintaining that efficient and popular program in the private sector. The minor amendments will make for a more rational management of the program by spelling out more clearly the Minister's responsibilities and powers under the legislation.

Considering that the loan ceiling and the ratio of loss sharing will be established under the Appropriation Act, the government will have more discretion to alter the parameters of the program and submit them to the approval of Parliament.

The traditional commitment of the Progressive Conservative government to small business is once again clearly shown in a spirit of co-operation and consultation with all Canadians.

This new national government has made a clear choice to give Canada a renewed prosperity, Mr. Speaker. It has also initiated an economic renewal and a new prosperity for all Canadians in November last, when my colleague the Minister of Finance (Mr. Wilson) introduced some measures to simplify the income tax of small businesses and today with the bill now under consideration.

Mr. Speaker, I encourage all hon. members to support our policy aimed at bringing about the changes demanded by Canadians on September 4 last and more particularly I ask them to pass swiftly that timely and necessary legislation which will be of direct benefit to small businesses and the Canadian people.

● (1125)

Mr. Alfonso Gagliano (Saint-Léonard-Anjou): Mr. Speaker, the Conservative Government has introduced a Bill, allegedly to extend financial support for small businesses. Yet, Mr. Speaker, the provisions of this Bill go against the very spirit of a statute which for many years has contributed to the development of small businesses in Canada.

This legislation, which was tabled without any real consultation or concern for the needs of small and medium sized businesses, is another example of the mismanagement and irresponsibility of this Government, which manages the nation's business by approximation rather than with the ability required to govern a country such as ours.

Although the Government keeps on telling us that it believes in consultation, it had no hesitation in introducing in the House