

Industrial Development Bank Act

as follows: commercial air services, 2 per cent; transportation and storage, 3 per cent; construction, 5 per cent; wholesale trade, 8 per cent; retail trade, 10 per cent; agriculture, 6 per cent; restaurants, motels, hotels, recreation services, 10 per cent.

• (3:20 p.m.)

A continuing effort has been made to ensure that the organization of the bank is responsive to the needs of small and medium size enterprises in all parts of Canada. The bank's head office is located in Ottawa. The operational direction of the bank is centred in the general manager's office in Montreal. Last year a major reorganization of the bank was undertaken to further decentralize administration in line with the I.D.B. objective of improving the quality and speed of service and maintaining a closer contact with regional developments. This involved the establishment of four regional offices—Atlantic, Quebec, Central, and Western—each headed by a newly appointed assistant general manager. Along with these changes, increased responsibility for approving loans was delegated to assistant general managers located at Halifax, Montreal, Toronto and Winnipeg. Over 80 per cent of all loans are now approved at regional offices or local branches of which there are 28 across the country.

The I.D.B. continues to bend every effort through its advertising program and its advertised visits to bring the nature of its services to the attention of businessmen. Officers make frequent visits to centres removed from the larger towns in which branches are located. These visits are advertised in advance in the local newspapers and other media and have been increased in number in each of the last few years. Last year 510 visits were made to 197 cities and towns compared with 436 to 143 communities in the previous year.

Over the years the I.D.B. has developed a very competent staff of credit officers, engineers, analysts and so forth. Every effort is made in the investigation of each application to arrive at a viable proposition in which the I.D.B. can participate. It is no surprise, but rather proof that the I.D.B. has been doing its job and taking risks, that on occasion a credit will get into difficulty. Again this is a situation where the staff of the bank do everything possible to enable the business to work itself out of its difficulties.

The cost of the attention and time devoted to accounts and the variety of skills and experience required for their administration

is one of the reasons net income before provision for losses is running below one per cent of loans and investments outstanding. Finally, I should say that the I.D.B. gives particular attention to applications it receives in areas of the country of slow growth and to making its services known.

I believe the I.D.B. record is one that invites the confidence of the house in the proposal to increase its lending capacity in order that it may continue and expand its service to the small businessman of Canada.

[Translation]

Mr. Speaker, before resuming my seat, I would like to deal with two questions asked by the hon. member for Peace River (Mr. Baldwin) and the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) who worried about the effect the increase of the capital of the Industrial Development Bank would have on our money supply. I must tell my hon. friends that the Bank of Canada always takes into account the monetary expansion of all those institutions, and in the case of the Industrial Development Bank in particular, it is much easier because its board of directors is the same as that of the Bank of Canada.

[English]

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, we have heard a good deal from the minister about the Industrial Development Bank but very little about the bill before us. I believe that the two questions which most of us ask have not been answered and there has been no reference to them. However, let me comment on the bill itself as far as I can with some reference to the work of the bank as it relates to the changes brought about.

There are really only two matters in the bill. One involves appointing the deputy minister of industry to the board and the other involves an increase in the capital of the bank and funds available for loans. This debate gives us the opportunity of appraising the work of the Industrial Development Bank. I welcome this opportunity which we have all too seldom.

One criticism of the Industrial Development Bank is that while it is called a bank and operates like a bank, its very title obscures its real function which is industrial development with a greater risk factor than commercial lending institutions want to accept. The minister during his introduction described it as a bank of last resort. We must