

Small Businesses Loans Act

[Translation]

Mr. Deputy Speaker: Questions, comments?

Mr. Gauthier: No, Mr. Speaker.

Mr. Deputy Speaker: Debate. The Hon. Member for Ottawa-Vanier (Mr. Gauthier).

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I would simply like to have a few minutes to make a few comments on Bill C-23.

In its original form, this legislation was aimed at amending the Small Business Loans Act, and in the Bill it was proposed that small businesses could be subjected to amendments in the loans they would negotiate. Originally, 90 per cent of the loan was to be guaranteed by banks, with the Canadian Government of course providing the funds. The amendment put forward and passed in Committee brought that figure down to 85 per cent of the loan. The Bill also has been amended to provide for a one per cent fee to be paid by the bank or rather, of course, by the borrower, as suggested by my colleague for Gander-Twillingate (Mr. Baker). The lending institution will certainly pass the cost on to the borrower. This is their normal way of doing things. But that fee, based on one per cent of the amount of the loan, certainly will increase paper work in the banks and significantly reduce their revenues. Small businesses will be the losers because there is nothing in the Bill to entice banking institutions to improve the system, to increase their loans to small- and medium-sized businesses.

● (1140)

I am concerned with the issue because in my constituency, more than half the jobs are created by small businesses. In my area, Ottawa-Vanier, 87 per cent of our firms are small businesses hiring less than 25 employees, and it is very important that they should have access to bank loans. We are somewhat disappointed with the Government's approach in that amendment. We would have thought the Government would have tried to encourage the banks to make loans at the so-called prime rate. This is not the case. Banks will charge one per cent more, and they will charge it of course to the small businesses. This means that this legislation, rather than providing for better conditions for small businesses, is only aimed at getting more money into the Government coffers once again, and if I understood correctly the comments made by the Minister before the Committee, the Government put those amendments forward in order to save money. This fails to recognize the importance of small businesses as the prime force in job creation, in the generation of employment in Canada for the benefit of Canadians. Those provisions which I view as regressive are therefore prejudicial to small businesses because they strangle the borrowers instead of helping them modernize and improve their operations.

Mr. Speaker, the ceiling on the overall principal of the loan is subject to be changed by the Government, by way of amendments to the Act or by way of the estimates. I had thought the

Government would have increased the \$100,000 maximum now provided for in the legislation. If we are to extend coverage and encourage modern businesses who want to meet the challenge of a computer society, a modernizing society, this \$100,000 ceiling imposed upon small businesses in my opinion is too low in this day and age. I had thought that the Government, in this legislation, would have removed the \$100,000 limit, perhaps thereby increasing the opportunity for small businesses to improve, to modernize and better compete in this technological age, in this period of change during which they sometimes find it rather difficult to computerize their operations.

Based on these few comments, and with much reluctance, Mr. Speaker, I must state that we are disappointed with this legislation. The Government, with its majority, certainly will push this Bill through today and regretfully, we have no other choice but to oppose the legislation.

Mr. Deputy Speaker: Are there questions or comments on the Hon. Member's speech? Does the Minister wish to address a question to the Hon. Member? Very well, the Hon. Minister.

Mr. Bissonnette: Mr. Speaker, I was going to answer the questions or meet the expectations of my colleagues, especially the Hon. Member for Gander-Twillingate (Mr. Baker), who said that everyone except the Liberal Party, endorsed this Bill.

However, Mr. Speaker, there is something I must ask. Can the Liberals be right when everyone agrees except them? It makes me wonder who is wrong? If the group of John Bullock, that of Geoffrey Hale, the Members of Parliament and the NDP all agree, and the only group to disagree is the Liberal Party, we should perhaps ask ourselves who is wrong. I ask this question seriously, but I think I know the answer.

To come back to the Hon. Member for Ottawa-Vanier (Mr. Gauthier), who asked a question about the \$100,000 limit set for loans, I must tell him that, last year, the average amount of loans was \$28,800. The Government therefore had no need to put the limit over \$100,000, but this Bill provides some flexibility, which means that, if the market calls for a higher maximum, we shall be able to act, and to do so quickly. This was the purpose of one of the clauses of this Bill.

To reply to other concerns expressed by the Hon. Member for Gander-Twillingate (Mr. Baker), I should point out that, in most countries who have similar legislation to help small businesses, the ratio is not 85 to 15, but 70 to 30. This shows that we are still being very generous towards small businesses. In addition, the Progressive Conservative Government had consultations about this issue, something that the Liberal Party never did once during its mandate. We consulted small businesses. We consulted the bankers. We consulted the groups which represent small business. We are not too stubborn and listen. We changed our minds on the option of having