

Government Orders

This portion of Bill C-99 must be amended to respect the rights of Canadians to have future regulatory changes soberly examined by their elected officials and not left in the hands of the executive or the bureaucrats. Without the amendment of this portion of the bill the Reform Party cannot give its support to this otherwise sound piece of legislation.

There are over 4.2 million Canadians employed by small and medium size businesses in Canada. The Canadian Federation of Independent Business recently surveyed its membership on job creation. Catherine Swift, vice-president of the organization, recently claimed that small firms and new businesses are the ones which have created all the new jobs over the past couple of years. This is an accurate claim. In the 1980s, 85 per cent of new jobs were created by small and medium sized businesses. This trend is continuing to grow as more and more Canadians explore the possibility of starting their own businesses.

• (1725)

The Liberals must make good on an election promise they made in their red book. They promised "to focus on small and medium sized businesses because they can and must be the determining factor in turning around what has so far been a jobless recovery". By creating a more efficient financing model for small businesses, the government is becoming more responsible for the development of small and medium sized businesses in Canada. The long term financing of these businesses becomes even more assured with these cost recovery amendments.

The minister needs to amend Bill C-99 to give Parliament the right to make future regulation changes. Parliament must not give this power away. This is necessary because losing the right to make future changes could in the long run harm not only the democratic process but even the small business loans program itself.

Members of Parliament are elected to examine programs such as this one in the interests of their constituents. To lose that ability would be inexcusable. I encourage the Minister of Industry to cease seeking such executive control. With this aspect of the bill eliminated, the small businesses of Canada can get to work and access a plan that is working well and could be improved on to make its viability assured even during these highly competitive times.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I am pleased to rise to speak on Bill C-99, the amendment to the Small Business Loans Act.

The summary of the bill concerns me. The bill states: "This enactment amends the Small Business Loans Act with the objective of moving the small business loans program to full cost recovery". I thought that the whole concept of the Small Business Loans Act was for the government to try to provide some underlying guarantee of picking winners and losers,

because let us face it, it has been in that business for a long time, through grants, subsidies, contributions and giving away money by the millions and billions. As an aside, did you see my waste report where \$11 billion in grants and contributions are given away by this government every year?

Getting back to the bill, the concept of the Small Business Loans Act was to provide a guarantee to higher risk businesses that had the potential to generate jobs and economic growth. The government was prepared to underwrite that program to try to foster development. It is not a bad idea, although we Reformers always felt that a dollar in the hands of an investor was far better than a dollar channelled through a bureaucrat and back into the economy. Nonetheless, the government is now going to channel this money through the bureaucrat back into the economy on a full cost recovery basis. The first question which comes to mind is: Why are we doing this?

Mr. Mills (Broadview—Greenwood): That is not the bill.

Mr. Williams: Bill C-99, an act to amend the Small Business Loans Act, is the one I am talking about. That is the bill that is on the agenda at the moment. My hon. colleague from the Liberal Party says that is not the bill. I am quoting right from the bill. Does he not know what we are talking about right now and what the bill says? The bill states "small business loans program to full cost recovery". Let us talk about this full cost recovery.

The government has lots of power. It is going to establish an annual administration fee to collect money from the lenders, put it in a pocket and it is going to restrict the lenders from passing on the fee to the borrowers, except through interest rates. The government is going to say to lenders: "We are going to charge you an administration fee of maybe 1 per cent or 2 per cent of the amount of money that you are lending out. You are prohibited from charging your borrower an administrative fee but you may include it as a mark-up on your interest rate". Remember full cost recovery.

• (1730)

The lenders will have to pay to the government 1 per cent or 2 per cent of the total money they lend out. The government will take this pool of cash and reimburse the lenders who make bad choices because they are the ones who are going to collect the guarantee from the government.

I scratch my head trying to figure out the logic because I cannot find any in this particular bill. It says that the government, by skimming money off the prudent, intelligent lenders who made intelligent, prudent investment decisions are required to pay a premium to the government so that it can build up a pool of cash to reimburse the lenders who made poor and irrational decisions. It does not make sense. We are penalizing good and competent lenders and subsidizing incompetent lenders. The poor businessman does not get one nickel's worth of a break