

Government Orders

which are starting and have no background, which have nothing to offer.

Since they have no records to show, these businesses cannot reassure the bank. Consequently, the banker's risk being higher, it is expected that it will be the high tech businesses on which we are counting increasingly, as well as the new businesses, that will be most affected by these new provisions.

Particularly if the government sees, in the coming years, that only 85 per cent coverage is still not sufficient, it may further reduce its risk. It will be able to reduce it to 80, 75 or 70 per cent, by way of regulation, without holding a debate in the House, without permitting us to talk about the borrowers' interests, without permitting us to face the executive branch and either applaud or condemn the government's policies. To act by way of regulation in such a matter is not very nice.

The second major objection relates to maintaining the personal guarantee that could be required by the lender. In that regard, a commitment made in the red book of the Liberal Party of Canada was conveniently forgotten. This makes us sad, because we believe that, because of the guarantee that the lender enjoys through the involvement of the federal government in the transaction, personal guarantees could have been applied instead to another transaction between the banker and the borrower, who could have offered his home, his car or part of his personal wealth as a guarantee to develop another type of project that would not be covered by the Small Business Loans Act.

Finally, we are concerned by the establishment of an administration fee the percentage of which could be set through regulation, again without any debate, surreptitiously, arbitrarily by the government, and also by the fact that the fee provided for in the legislation can be passed on to the borrower through interest rates, so that the lender can get even richer.

Therefore, for these three reasons, we will vote against this bill.

[English]

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, it is a pleasure to rise to debate Bill C-99, an act to amend certain parts of the Small Business Loans Act.

I too was rather impressed by the parliamentary secretary's comments as to how the industry committee functions. From his description of that committee I cannot help but say I have to be one of the most fortunate MPs in the federal House of Parliament. My first experience in Ottawa was to be made a member of the best committee on the Hill. That is really something. My hon. colleague has been on other committees and if this is the best committee, that is great. The committee has worked well.

• (1900)

What has happened with Bill C-99 is an example of what can be done and how Parliament should function because all members put aside their partisan differences, their political affiliations and came to an agreement on some very significant matters that are exemplified by the provisions of the bill.

Members of the Reform Party are going to support this bill, despite the fact we have some rather grave reservations about the whole concept of the Small Business Loans Act. The Small Business Loans Act is based on the provision of a form of subsidy of certain kinds of financing to private enterprise. The reason we can support the bill is because the amendments bring about an accountability of that program and it is supposed to have 100 per cent cost recovery. If that in fact happens, then some of our concerns are going to be mitigated to the point where they do not exist.

We also want to support this bill because the Reform Party motions that were presented in committee were accepted by the committee and by the minister. It is necessary to recognize the significant role the Minister of Industry played in this decision. Communications went back and forth about the provisions, especially the one which removed the authority of Parliament and shifted it to the cabinet. This took authority away from the representatives of the people and put it in the Privy Council committee to make decisions behind closed doors.

The committee, as well as the minister, saw that was probably not the most democratic thing to do and went so far as to say that it should be taken out. An amendment to that effect was presented to the committee by the Reform Party and it was accepted.

Members need to recognize that these are the kinds of things that Parliament really should be doing. In certain instances we should put aside political and partisan differences and say that for the good of the people of Canada, for the business development of Canadians, we need to do something that will help all of us. In this instance that was accomplished and it was to the credit of all those who had a part in it.

I want to talk about the concept behind the Small Business Loans Act. Reform Party members do not think that the government should take risks on behalf of the taxpayer. Those risks should be taken by the private sector. That is why we object to the principle behind the Small Business Loans Act. However, that is not our concern at this point. Our concern is to make the act better and the amendments do that. That should demonstrate to all and sundry that the Reform Party is a reasonable party.

We recognize there are certain gaps that need to be filled from time to time and we have done that. In this instance that has happened. I want to credit the committee, the Minister of