

discussing or debating private members' bills is now reduced by at least 45 minutes and I am wondering whether, to preserve the principle of democracy, the debate on Bill C-214 could be postponed until the next sitting of the House and whether we might call it six o'clock.

**Madam Speaker:** The House has heard the suggestion of the hon. member. Is it agreed?

**Some hon. Members:** Agreed.

**Madam Speaker:** It being six o'clock, I do now leave the chair until 8 p.m.

At 5.47 p.m. the House took recess.

[English]

#### AFTER RECESS

The House resumed at 8 p.m.

#### FEDERAL BUSINESS DEVELOPMENT BANK ACT

##### AMENDMENT RESPECTING INCREASE OF ADVANCES TO CORPORATION

**Hon. Charles Lapointe (for Minister of Industry, Trade and Commerce)** moved that Bill C-20, to amend the Federal Business Development Bank Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion agreed to.

[Translation]

**Mr. Lapointe (Charlevoix)** moved that the bill be read the third time and do pass.

He said: Mr. Speaker, I would like to make a few opening comments, but first of all I wish to take this opportunity to thank my colleagues on this side of the House and my colleagues of the Progressive Conservative Party and the New Democratic Party for the interesting proceedings we had in committee when discussing this bill, and I would also like to thank them for having allowed this bill to go through the committee stage in reasonable time.

One of the main questions asked during the discussion in committee, Mr. Speaker, concerned the fact that the bill provides for an increase of the financial ceiling from \$200 million to \$475 million at the same time as an increase in the debt to equity ratio from 10:1 to 12:1 and even to 15:1.

[English]

Mr. Speaker, as I indicated in my opening remarks at second reading stage, the bill provides the government with the flexibility to be as sensitive as possible to the needs of the bank's small business clientele while recognizing the government's strained financial position. Because of fiscal pressures the government has retained the provision introduced by the

#### Federal Business Development Bank Act

last government to increase the bank's capitalization by increasing the bank's debt to equity ratio from 10:1 to 12:1 and ultimately to 15:1. However, reflecting the government's commitment to small business, and recognizing the difficulties that small businesses have financing their operations especially during a period of high interest rates, the government decided that it would also be appropriate to have some flexibility enabling it to increase the capital of the bank through an injection of equity, even to the extent of lowering the debt to equity ratio to as low as 7:1.

● (2010)

The capacity to lower the debt to equity ratio from present levels would enable the bank to operate at a debt to equity ratio more in line with recent experience. Until very recently the bank operated at an eight to one ratio, and as of March 31, 1980, the ratio was nine to one. The legislation before the House will allow the government to lower the debt to equity ratio should the government decide such additional support is warranted. Another reason for providing additional equity is the likelihood of the bank experiencing an operating loss in the current fiscal year. Such a loss would have the effect of eroding the capital base of the bank unless it was replenished with new capital. Finally, as the former minister of state for small businesses noted in his speech in the House during second reading debate, there is also flexibility for the government to fund the venture capital portfolio of the bank with equity if it is deemed appropriate.

I have provided at second reading and committee stages details on the factors the government considered in drafting this bill, particularly those factors leading to a decision to increase the capital ceiling of the bank to \$475 million.

[Translation]

In these few opening comments, I would like once again to remind my colleagues about the urgency of approving this bill because in a few days the bank will have reached the financial ceiling now allowed and will have to reduce significantly its activities if the bill is not passed.

[English]

**Hon. Ron Huntington (Capilano):** Mr. Speaker, first I should like to say that it was with some regret I learned the steering committee for the committee which studied this bill put the bill before committee last Thursday when I had an irrevocable commitment to attend the west coast for some functions and duties. Thus I missed the committee hearings which the Minister of State for Small Businesses (Mr. Lapointe) mentioned in his opening remarks.

Many of the questions which I put on the record in second reading debate appear at page 1361 of *Hansard*. I believe that Parliament still must decide the degree of subsidy it is prepared to deliver to the Federal Business Development Bank as its mandate requires it to be a lender of last resort. But I do not think Bill C-20 addresses that question. The degree of flexibility Parliament will give the minister and the government under this bill is excessive. Certainly the matter will have