

Supply

what the program will be. I look forward to having help from members of Parliament to help us advertise this.

I think everybody in the House is interested in this subject. They can do a lot for their constituents. It might help them all get re-elected if they tell all the small businesses on Main Street in their riding about the SBLA.

What is new about the SBLA, this innocuous sounding little bill, the Small Businesses Loans Act? Everybody goes to sleep when we say the words. Let me say, that it is the most exciting piece of legislation to pass this House in this session of Parliament. I think we provisioned \$40 million for loan losses under this program and we are going to lever \$1 billion worth of activity.

By the way, in contrast to the NDP government in Ontario we are spending \$1 billion directly to create jobs. It is creating 8,000 jobs in one case and 800 in another. This is much smarter spending. By using a loan guarantee scheme of \$40 million one can get the banks to put \$1 billion up instead of us. That is what SBLA is.

Why are the banks interested this time around? I want my friend from Kenora—Rainy River to listen carefully to why it is different. The guarantee has been raised from 85 per cent to 90 per cent. If there is a loss under this loan the banks pick up 10 per cent of the loss and the federal government picks up 90 per cent of the loss. This is a very big enticement.

Second, we have increased their commission. They had a 1 per cent commission under the old bill. This is a problem. They had to do a lot of paper work. We have increased the commission to one and three-quarters per cent on the understanding that they market the devil out of this thing, promote it and train for it. This was a very good point by my hon. friend, the member for Broadview—Greenwood. That is where the commission is.

We have done those two things for financial institutions. That means they are going to put this Small Businesses Loans Act in the window and promote it. If they do not we should make sure they hear from us. That is what we did for the banks, but what did we do for the small business people?

• (1625)

First, we got interest rates down to the lowest level they have been in 35 years. The other thing we have done for them under this act is we have said: "Look, no more". If they get a Small Businesses Loans Act where the federal government is guaranteeing most of it the banks would still ask people for their house, car and cottage and all that personal security and collateral to cover their 10 per cent exposure or 15 per cent exposure. We are saying in this bill that is unacceptable and the financial institutions cannot do it.

All they can ask to cover their 10 per cent exposure is for their signatures giving their personal security for 25 per cent of the loan. That is all they can ask for that. They cannot register any assets against it or anything like that. It is simply their personal security with their signatures based on their cash flow or salary. They cannot register any title against it.

What does this mean? It is very significant. This means that if they do not ask for their house, car and all their other belongings on top of the loan guarantee their collateral can be used to finance working capital. It could be used to finance accounts receivable, inventory and work in progress. This has always been the problem. They say they can never get a loan for working capital because their collateral was all tied up when they bought their truck or factory.

This particular act will be very effective in levering all sorts of economic activity that would never happen before. I cannot be too enthusiastic about it. I cannot agree more with my hon. friends that we should really market it, really promote it. I want to stand in the House and be criticized any day after next Thursday if this is not happening, but please do not ask us to advertise it and market it before it is passed because the regulations might change, the amendments might change it. On Thursday we will know and then off we go to the races. Maybe we should pass a bill through the House giving us \$5 million to sell this because it is something we really should do.

We are talking to the opposition motion about the economy. The reason small business is important is that 80 per cent of all new jobs created in Canada in the last 10 years have been created by companies with 50 employees or less.