

Government Orders

I hope that as we head into the new year which is just around the corner, that the signal all members of the House have sent to all the financial institutions through speedy passage of bills and through the speedy and united recommendations in our "Taking Care of Small Business" report will be recognized.

[Translation]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, it is with pleasure that I rise to participate in the debate at third reading on Bill C-99, an act to amend the Small Business Loans Act.

Before going any further, I would like to make a few comments about what our colleague, the Parliamentary Secretary to the Minister of Industry, said. If I understand correctly, our colleague told us that he was leaving at least—unless I misunderstood—the Standing Committee on Industry, if not the House itself.

• (1850)

In any event, if he is indeed planning to leave the industry committee, I would like to tell him again—I say again because I already had the opportunity to tell him through the Speaker—how much I appreciated working with him and what a distinguished parliamentarian the hon. member for Broadview—Greenwood is. I was in a position to appreciate his many fine qualities and his great contribution to the work of the committee. As a man, I have always considered the hon. member to be a liberal in the noblest sense of the word and a humanist as well. I hope to have the pleasure of continuing to work with him.

Mr. Mills (Broadview—Greenwood): A true liberal.

Mr. Rocheleau: A true liberal. The personification of distinct society.

I shall now turn to Bill C-99, and try to make the most constructive criticism possible. We must bear in mind that Bill C-99 was introduced as a result of one of the measures announced in the last budget speech, when the finance minister expressed hope that the Small Business Loans Act would become self-financing. As we know, in 1993, the administration of this act is said to have cost the public purse in terms of coverage—let us call it a bad debt for the sake of discussion—nearly \$32 million on a \$4 billion small business envelope.

This \$32 million in lost income for the government is expected to grow to approximately \$100 million this year on an envelope now totalling \$12 billion; that is how much can be loaned to small business through lending institutions.

We agree that this is a burden that must not be overlooked, a burden on the taxpayers. But at the same time, we believe that, before limiting in any way the scope of this bill, which is a good bill, the government should conduct—and this is one of the

recommendations made by the official opposition that was almost approved by the industry committee—a cost-benefit analysis of administering the act. Because, if the \$32 million or \$100 million in question are considered as money injected by the government in the economy, then we have less trouble talking about this shortfall.

Talking not only of cost, whether it be \$32 million or \$100 million, but also of benefits, would give a better idea of the jobs created, the direct and indirect taxes collected by the government because of such job creation and the survival or expansion of companies as a result of incentives provided by this act.

We know the social and economic importance of jobs—there are consequences, we will never say it enough and this is a particularly good forum to do so—and of lower unemployment; it may be better education for children, less family violence, less violence against women, less violence against children. It may also lead to a lowering in drug consumption; it may be workers more inclined to do their bit to get the economy rolling, that is for sure.

Coming back to this act, before amending it in a significant way, we should bear in mind all the benefits. Unfortunately, the government did not accept the recommendation of the official opposition which had been approved by the industry committee.

Now for the particular provisions of the bill we do not agree with. There are three of them. The first one is the liability, whereby the government guarantees 90 per cent of the loan provided by a lending institution. This liability will be reduced from 90 per cent to 85 per cent. This is our first objection. The second one deals with the fact that personal securities are still required. Thirdly, administration fees will be offloaded onto borrowers through higher interest rates.

• (1855)

As I was saying, our first objection deals with the reduction in liability from 90 per cent to 85 per cent. We argue that it will have particular significance for smaller lending institutions. In Quebec, this means the caisses populaires you find in every village and which make only a few dozen loans per year and which, seeing their protection lowered, will be inclined to lower their risks, and therefore limit their loans to the most secure businesses. Therefore, the effect on smaller lending institutions will probably be felt rather quickly.

Our second objection is even more important, because this bill will have particular impact on high tech businesses, which are the future of our economic development. These businesses are based on the knowledge, the expertise and the skills of the employer, the owner-manager, who cannot offer tangibles guarantees to the credit institution. All he can offer is his skills, which are impalpable, intangible. Therefore, there is a higher risk for the credit institution; the same is true for businesses