

HOUSE OF COMMONS

Thursday, February 7, 1985

The House met at 11 a.m.

● (1105)

GOVERNMENT ORDERS

[*Translation*]

SMALL BUSINESSES LOANS ACT

MEASURE TO AMEND

Hon. André Bissonnette moved, for the Minister of Regional Industrial Expansion, that Bill C-23, to amend the Small Businesses Loans Act, be read the second time and referred to the Standing Committee on Regional Development.

Mr. Speaker: Is it the pleasure of the House to adopt this motion?

Mr. Bissonnette: Mr. Speaker, it is a great honour for me to table in the House today, on second reading, on behalf of the new Progressive Conservative Government, Bill C-23, to amend the Small Businesses Loans Act. Hon. Members will not be surprised that one of the first steps taken by this Government at the beginning of a new year should be to table an extension to this legislation.

In 1961, the Small Businesses Loans Act was passed for the first time under the Government led by the Right Hon. John Diefenbaker. Hon. Members will therefore note that it was a Progressive Conservative Government that initiated this action to protect the interests of small businesses in Canada.

The legislation is a clear example of a policy aimed at establishing a favourable climate for the generation and growth of small businesses in Canada, a vital sector of our economy too often neglected by the previous Government.

Mr. Speaker, this Government intends to enable small business to play its role as one of the key factors of economic growth and job creation. The Government is firmly resolved to support small businesses and to do so through consultation, not confrontation, by providing assistance and support instead of raising barriers, and by restoring hope to those who had lost confidence in the future.

Canadians expect their Government to lead the way towards economic renewal. This Bill is one step, and an important one, in this national process, because it will help small businesses participate in our economic recovery.

In April 1983, Parliament provided for a two-year extension of the SBLA, the Small Businesses Loans Act, setting the lending ceiling at \$1.5 billion. Unfortunately, as a result of the rapid and sustained rate of increase in the number of applications under the Act during the past year, the ceiling was reached at the beginning of January, two months before the previous extension was due. This means that unless the ceiling is raised immediately, the Government will have to stop approving loans. The lending institutions have been informed of the new approach where lending ceilings are concerned and of the Government's intention to table as soon as possible a Bill that will raise the lending ceiling for the current period as well as extend the legislation for a subsequent period.

I would therefore ask Hon. Members to show their co-operation and make an effort to have this Bill passed as soon as possible. The legislation before the House will make it possible to raise the present lending ceiling by \$300 million, thus bringing it up to \$1.8 billion, from \$1.5 billion. Thus financial intermediaries will be able to provide loans under the Act until March 31, 1985, the date on which this lending period expires. Furthermore, the Bill provides that the lending period will be extended by five years, starting on April 1, 1985 and ending March 31, 1990.

This Government is engaged in a process aimed at creating a favourable climate for the generation of new businesses. The new lending period which is to extend over an unprecedented five years will give entrepreneurs and lenders greater stability for planning purposes, in line with the Government's new approach to providing for this country's economic renewal.

The period of time covered by the new extension clearly demonstrates this Government's commitment to help small businesses. It will also mean a considerable reduction in the departmental and parliamentary resources that would otherwise be involved if the Act were extended for several shorter periods. The lending ceiling for the next period will be set initially at \$1 billion. However, it will be changed in accordance with the Appropriations Act.

● (1110)

Consequently, Parliament will still carefully review the loan ceiling throughout the estimates preparation process. Instead of trying to forecast the total loans over a five-year period, this amendment will provide the Government with more leeway in fixing the ceiling because, under the program, loan rates fluctuate along with the vagaries of the economic situation. Henceforth lenders and borrowers will no longer be uncertain about the loan ceiling.