

The amendment I am proposing today as part of Bill C-84 merely raises the present ceiling of \$850 million by \$650 million, so that the new lending ceiling for the two-year period will be \$1.5 billion. I am aware that it is not customary to amend the act twice in so short a time. However, the reason for this amendment should be sought in the enormous popularity of this program and increased demand on the part of small businesses. This situation has developed because the program has expanded far more rapidly than was expected at the time the last amendment was made in June, 1980.

To demonstrate the program's rapid expansion, I shall, if I may, quote a few statistics comparing the program's activities over consecutive one-year periods. Between July 1, 1979, and July 30, 1980, 12,717 loans were approved, representing a total of \$308,364,372. The following year, from July 1, 1980, to June 30, 1981, 18,620 loans were granted, totalling \$505,642,180. Mr. Speaker, these figures mean that in one year alone, the number of loans increased by 46.4 per cent, and the amount or value of these loans by 64 per cent. These increases, percentage-wise and over a single year, prove that the program is gaining increasing acceptance among Canada's businessmen and women and among financial institutions. However, this rate of growth has made it difficult to make accurate projections of loan demand.

As I said before, over \$500 million were loaned during the first year of the present two-year period, which represents an increase of 64 per cent over the last year of the previous loan period. If this rate of growth is sustained, over \$800 million will be loaned during the second year of the present two-year period, that is, between July 1, 1981, and June 30, 1982. For the entire two-year period, the total amount will then be \$500 million plus \$800 million, that is, \$1.3 billion. At the present time, as I just said, the ceiling is set at \$850 million. Consequently, if the present trend continues, the ceiling will be exceeded by about \$450 million, and even if the present growth rate should stabilize, the initial ceiling of \$850 million would not be adequate.

Therefore, Mr. Speaker, in the bill now before the House, I am proposing to raise by \$650 million the ceiling on loans granted under the Small Businesses Loans Act, thereby raising the total ceiling to \$1.5 billion. This will provide, if the present trend continues, a safety margin of \$200 million, should the loans granted under this act increase even faster than is now the case. The increase will make it possible to continue the program without interruption until its expiry date in June 1982, when the act will again be considered by Parliament for renewal or amending purposes. I must emphasize that an increase in the ceiling does not represent an increase of \$1.5 billion in liabilities, but will simply allow the program to be maintained without interruption until June 30, 1982.

Mr. Speaker, in examining this bill, opposition members will note that, while increasing the maximum of guaranteed loans, it does not propose any amendment to the policy outlined in

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the Small Businesses Loans Act. Hon. members are aware that the government will shortly introduce policy proposals resulting from the comprehensive review of its financial assistance programs for small businesses, which review is now in its last stages. A great number of factors affecting the future of this program will be considered, and in the context of this consultation and this study, we intend to examine carefully all the suggestions made by small businesses, as well, of course, as by members of this House.

Opposition members know that as a result of the changes in the Small Business Development Bond program contained in the new budget only small business bonds experiencing financial difficulties will benefit from it. I would like to point out that, while there is no direct link between the Small Businesses Loans Act and the Small Business Development Bond program, the provisions of former can be used to guarantee the bonds issued under the Small Business Development Bond program as long as the terms meet the requirements of the act and both business and project are eligible. The act could therefore encourage lenders to grant bonds at a lower interest rate to help small businesses in financial difficulties, especially when sufficient loan guarantees are not available otherwise. Moreover, we should not forget that the flexibility and length of terms and the preferential interest rates available to businesses under this legislation already allow these businesses to have access to significant amounts which would not be available to them otherwise.

In the meantime, before we have to deal in the coming months with more comprehensive changes to the small business financing programs as a result of the various ongoing analyses and studies, I would ask hon. members to adopt this bill without undue delay. I am aware that the parliamentary leaders on both sides of the House have agreed to end this debate tomorrow at 6 p.m. at the latest. I want to thank them because the adoption of this bill will indeed enable us to continue the implementation of this guaranteed loans program for small businesses which has so far proven to be extremely popular as evidenced by its rate of growth over the last twelve months. I conclude my remarks by urging all my colleagues to do their utmost to ensure speedy passage of this amendment to the Small Businesses Loans Act.

● (1520)

[English]

Mr. Chris Speyer (Cambridge): Let me state at the outset of my remarks, Mr. Speaker, that the Conservative Party supports the raising of the aggregate amount of loans guaranteed by the government to lending institutions during the two-year period, July 1, 1980, to June 30, 1982, from \$850 million to \$1.5 billion.

This change is required by the increased volume of lending under the provisions of the legislation. The Small Businesses Loans Act was first established almost 22 years ago by a Conservative government of the day. Its purpose was to assist