

Guarantee of Loans to Small Businesses

the details of that expenditure the liability of the crown is definitely set in clause 6 and remains fixed at \$300 million regardless of any amendment such as has been proposed by my hon. friend.

Mr. Fleming (Eglinton): The hon. member for Kenora-Rainy River has not been in the house following this measure for very good reasons—he has been in New York at the United Nations. This point was raised in the discussion preceding an earlier ruling this afternoon. The provision in clause 6 simply establishes a maximum, a ceiling. If the point raised by the hon. member for Kenora-Rainy River were sound it would lie within the power of any private member in the house to rewrite the bill, to alter by way of increase all the provisions of the bill that create a charge upon the crown and say, "Oh well, there is a limit set by the bill; I am not affecting the limit". It is a question of when the limit is reached. The limit could be reached much faster with this amendment and others of the same nature that have already been ruled out of order because they created a charge upon the crown.

The Chairman: This amendment raises the same point on which the Chair was called upon to rule a few days ago because even if it does not provide an automatic increase in expenses, as the minister pointed out it certainly increases the possibility. It is obvious that paragraph (d) would be amended by providing loans up to an amount of \$62,500 instead of the maximum of \$25,000 already provided.

The other day, if I remember correctly, I quoted from citation 246 of Beauchesne's fourth edition, page 207, and this might be worth repeating:

In relation to the standard thereby fixed, an amendment infringes the financial initiative of the crown, not only if it increases the amount, but also if it extends the objects and purposes, or relaxes the conditions and qualifications expressed in the communication by which the crown has demanded or recommended a charge.

It seems to me, therefore, that the amendment should be ruled out of order and, for that reason, I so rule.

Mr. Crestohl: Mr. Chairman, clause 3 speaks of the estimated gross revenue. I do not see a definition of gross revenue. It is intended that gross revenue shall mean gross sales or gross profit or what is gross revenue to be?

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member has evidently not read the provisions of clause 2 of the bill which have already been adopted. He will find a definition of gross revenue in clause (h).

Mr. Howard: Clause 3 (f) is one about which I am concerned because it would seem to me this would be the one place in which we could deal with the question of interest. It is the one place in the bill where interest is mentioned. The paragraph reads:

(f) no fee, service charge or charge of any kind other than interest—

I assume that this paragraph is dealing with interest on the loan and therefore we can deal with the question of interest. During the debate on second reading we advocated that the interest rate should be pegged at 5 per cent, simple interest, as was done in the Fisheries Improvement Loans Act. The reason for limiting the interest rate that can be charged rather than leaving it open is based primarily upon the fact that there is no risk involved in so far as the bank is concerned in making loans under this particular measure. There is certainly no risk if past experience in so far as activities under similar legislation are concerned is any criterion because the bad debts were infinitesimal as compared with the total amount of money lent. Certainly a bank should be required, especially in view of the fact it enjoys a sort of monopoly under this measure, to grant a lower rate of interest. As I said, we believe it should be 5 per cent as we indicated during the debate on second reading.

I think perhaps this is the only place in the bill where we can indicate, not only in a general way orally but in a formal way by moving an amendment, our belief that the interest rate should be 5 per cent. This is one of the requirements that parliament should exact from the banks in order to protect small businessmen as much as possible. I would move, therefore, Mr. Chairman:

That paragraph (f) of subsection (1) of clause 3 be amended by adding in line 33, after the word "interest", the following "at a rate not in excess of five per cent per annum simple interest,".

The paragraph would then read:

(f) no fee, service charge or charge of any kind other than interest at a rate not in excess of five per cent per annum simple interest, except such charge for insurance as may be authorized by the regulations—

And so on. I believe this is one of the requirements which parliament should exact from the banks because there are no risks involved. This is something we should do to ensure that small businesses do operate in the best possible manner in our economic society. Certainly, the interest rate has been pegged in other pieces of legislation which are in existence.

Mr. Fleming (Eglinton): Mr. Chairman, up to the limit of the federal government's guarantees provided in this measure I think it may be said that the security is good,