

Federal Business Development Bank Act

one day small business seminars provided by the Industrial Development Bank at different locations across Canada, with emphasis given to small cities, towns and remote areas where such services are not otherwise available.

The fourth heading that I wanted to enlarge upon is the information services section. The new bank will have the power to develop and operate an information service, publish and distribute information relative to the mandate of the bank, as well as to provide advice on federal programs for small business and on assistance available to small business from others. To this end the bank will seek to establish close and continuing communication with provincial authorities.

This will be a major new thrust as the bank will act as a focal point for information on the wide range of federal services and programs designed to meet the needs of small business. The information services, to be provided locally through all offices of the bank, will be free to all interested persons and will be aimed at small firms that do not have the resources to seek out help from the multiplicity of specialized sources of assistance to small business—particularly those of the federal government. The services of the bank itself will also be made known more widely in this way. In addition to the immediate practical value to the inquirer, the information services will represent another two-way channel of communication between the businessman and the bank.

The activities of the information services will take several forms. The experienced local officers providing the services will give inquirers comprehensive information, competent advice, and direct referral on the entire range of federal assistance programs and services for small business. The bank will provide reference libraries and booklets on a broad field of small business management subjects, and will publish and distribute "industry profiles" containing typical costs and operating data for specific industries.

In this way it will share with the public the experience gained by the bank and its predecessors in dealing with thousands of small businesses over many years. A small business news bulletin highlighting various assistance programs, business developments and many other forms of guidance to its readers, will be distributed to many thousands of small business operators.

Now I should like to speak about the organizational structure. In deciding on a corporate structure for the new bank the government has had several considerations in mind. The first is that the new bank should have a considerable degree of independence in its day to day affairs. The second is that it should be guided by a strong top management that is well versed in business practice and familiar with problems peculiar to small business. These considerations have led to the decision to establish the Federal Business Development Bank as a proprietary corporation pursuant to section 66 of the Financial Administration Act. It will report to parliament on its activities through the Minister of Industry, Trade and Commerce.

These same considerations were of importance in determining the number and composition of the board of directors. Ten of the fifteen directors will be chosen from the private sector to ensure broad business representation and access to business experience and expertise. To provide

[Mr. Gillespie.]

equitable geographic, cultural and population representation, two directors will be chosen from each of the five geographic regions of Canada. These members of the board will be appointed for a term of three years by the Governor in Council on the recommendation of the Minister of Industry, Trade and Commerce. The remaining members of the board will be four senior federal officials, and a full time president who will also act as chief executive officer. A chairman, who will preside at meetings of the board, will be appointed by the board from among its members.

Provision is also made for an executive committee to deal with matters not specifically reserved for the board when the latter is not in session. Its composition is outlined in the bill.

I think the following is an important innovation. In order to emphasize the regional character of the new bank, and to ensure that regional and local views are taken into consideration in establishing the policy and operations of the bank, regional advisory councils will be established for each of the five geographic regions of the country. Each council will be composed of up to twelve members from the region, including the two board members, a senior bank officer and a senior DREE officer. Private members will be appointed by the Minister of Industry, Trade and Commerce. These councils, while purely advisory in nature, will review the bank's activities in their regions and will make recommendations to the board of directors regarding the activities of the corporation.

I am convinced that these regional advisory councils will serve a useful purpose and will further accent the regional character of the new bank.

The organizational structure of the new bank will be a matter for the board to decide, but it can be envisaged that it will be built around its two major objectives of providing financing and management services. These two components will have to be well-coordinated at different levels of the bank's organization so that a fully client oriented and comprehensive service is made available to small business in Canada.

While the new bank will be able to build on the experience and organizational structure of the Industrial Development Bank, CASE and other programs which will be brought into it, it will be a big and probably lengthy job to structure a complete service which can meet the requirements of small business in all parts of the country. The government will ensure, however, that those who are put in charge of these services will be qualified to undertake their tasks with initiative and energy.

The next matter which I should like to touch upon is financing arrangements. The financing of the new bank will involve separate budgets for the financial services and for the management services operations. For its financial operations the bank will have an authorized capital of \$200 million and a debt to equity ratio of ten to one. A capital budget for financing activities will be submitted each year for the approval of the Governor in Council. In accordance with this budget the bank will borrow at the Crown corporation rate for the appropriate term.