

Government Orders

It is very important for me to recognize the critic for the Reform Party. One of the very unique experiences that we had in the industry committee was the fact that we worked as a team. We have many differences with the Reform Party. I for one do not feel as committed as they are to their attack on the deficit and debt. I find their approach too radical and too swift. However, one issue which we have consistently agreed on is the fact that small business is the hope of this country when it comes to putting Canadians back to work. It was because of our teamwork that we have been able to move an agenda forward on the access to capital front.

The amendments in Bill C-99 before us today, which is an act to amend the Small Business Loans Act, are from feedback we have received from the men and women in the House who have been working on this issue. They are the result of feedback we have had from industry and the banking community. They are also the result of the feedback and the success we have had with the Small Business Loans Act.

Some members will recall when we were in opposition that the then Conservative government initiated, in its last budget, amendments to the Small Business Loans Act. At that time, we supported those amendments because we believed that they were instruments for trying to break up the hardened attitude that many people in the financial community had toward taking risks with small businessmen and women.

This bill is not meant to be a cure all for the difficulties that businessmen and women are having. It is a bill where we told the financial community that we would develop an act in Parliament where 90 per cent of the risk that it takes on a small business project, up to \$250,000, the Government of Canada would guarantee if that business should fail.

Since the Small Business Loans Act started, over many years, it has been used to help just under 500,000 small businesses in this country. Many people have had, through this act, the opportunity to take a shot at their dreams, create jobs and ultimately help create the economic fabric of this country.

• (1510)

When the Government of Canada is guaranteeing such a large amount, the number one question obviously is what is the down side for the taxpayer.

Until two years ago, on a loan float of about \$3.5 billion, the loss to the crown was approximately \$26 million. A loss of \$26 million on a \$3.5 billion float is pretty respectable. In the last year and a half, the float has increased considerably. The float right now is closer to about \$8 billion. On that float, the estimated losses are approximately \$100 million.

Because of that increased loan loss, that \$100 million, and because of our commitment to fiscal responsibility, the govern-

ment has decided to listen to the Reform Party, to listen to the banks and others. It has decided that the act has to be redesigned in a way where those costs are recovered.

The essence of this bill deals with a new formula so that those loan losses can be covered. Essentially the three components in the bill to recover the loss on that rather large float would be the following: the major elements would be first, a reduction in the minister's liability to pay a loss on any business improvement loan from 90 per cent to 85 per cent. The second point is the establishment of an annual administration fee and a restriction on the passing on of the fee to borrowers except through interest rates, the establishment of a claim processing fee and the granting of authority to make regulations respecting the release of security taken for the repayment of any business improvement loan.

What we have done is this. Previously the guarantee was 90 per cent. It has been reduced to 85 per cent. If this is the way that the Small Business Loans Act can continue to be viable so that it is not going to be a drain for the taxpayer or a strain on the treasury or something that would generate too much nervousness with officials in the Department of Finance, then I naturally support all these amendments. These amendments are all good, solid amendments.

The most important thing that the Small Business Loans Act did was this. Because all of us worked together on the Small Business Loans Act, it led to another journey that we all went on in the last two years. That journey happened in the industry committee where the Bloc Quebecois, the Reform Party, and government members all worked together on this total review of the difficulties that small business men and women were having in accessing capital.

Members would probably recall that almost a year ago, the committee published virtually a unanimous report "Taking Care of Small Business". That report dealt with all of the various experiences men and women were having when dealing with financial institutions.

• (1515)

All of us in this House heard over the last few years story after story after story of the difficulties many of our constituents were having in dealing with the various banks or other financial institutions. It was through that feedback that we became united in dealing with this issue.

Some of the key recommendations in the report are now being implemented. As of the end of this month there will be a common quarterly reporting chart and statistics on the whole thrust of each individual financial institution's lending to small business by sector, by gender, by municipality and the size of the loan. That kind of accountability is going to change the whole bank culture and attitude toward small business.