

commitment to helping the small business sector, would absorb a part or all of that fee.

When the plan was originally amended back in 1993 the maximum rate was 1.75 per cent, but the banks charged prime for the most part. They were anxious for the business. They went out there and they got it. Even though there was a maximum rate they did not charge it. They charged prime.

Now that we have added another 1.25 per cent or 1.5 per cent to allow for the fee and put the maximum rate up to 3 per cent, I do not understand why all of a sudden it was not good enough to charge prime or prime plus a half or prime plus one. They seem to be jacking up the rates to the maximum. I do not think that is what they should be doing. They have to take care of their profits. They have to take care of their shareholders. However I believe they have a responsibility to the small business community, and one way they can show that is by absorbing a portion of the fee.

The way they have structured the fee is appropriate. It allows for small business people to save some money through their declining balance.

In summary, it is a good piece of legislation. It is an act that has been in place for many years. It has helped a lot of small businessmen and women. There are many businesses today. All we have to do is walk down Main Street in my hometown of Gravenhurst or any other community in my riding, and I dare say in any community in any member's riding, to see businesses operating today that would not be operating if this loan program did not exist. It does its job. It creates and helps small businesses. It creates and helps employment.

Not only does it do that. With these amendments it will do it in a way that will not cost the taxpayers of Canada anything because it will be a cost recovery program. I applaud the Minister of Industry for the bill. I applaud the Minister of Industry for the changes. I know they will be good for Canada.

• (1705)

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, we all know that small businesses exist throughout Canada, both in rural and urban centres.

In Atlantic Canada, small business is the backbone of the economy. It sustains the economy. The majority of small businesses, whether they are in Nova Scotia, New Brunswick or Quebec, are owned by local people employing young people and older people. The businesses have been there a long time, are part of the community and are sustainable.

My question is for the hon. member from Parry Sound—Muskoka. From his experience in the lending side of financial

Government Orders

institutions and his experience with the Small Business Loans Act, could he elaborate on the value of small business to the Canadian economy to ensure the money stays in Canada for Canadians and provides a sustainable economy that supports our future?

Mr. Mitchell: Mr. Speaker, I will try to be as brief as I can.

The hon. member makes the excellent point that small businesses tend to create employment locally, tend to purchase locally and tend to form part of the local economy. The profits earned from those businesses are retained within the community as opposed to going elsewhere.

As someone who was involved in economic development initiatives in a rural area, organizations would look for the big hit. They would look for the big 500 to 600 person plant to come in and create employment. Those days are long gone. That is just not in the cards any more, or if it is it is a rare occasion.

We have to build the local economy one small business at a time, one job at a time, and this act provides an important tool to allow that to happen in rural communities.

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, last summer I had the opportunity of driving around with the member for Parry Sound—Muskoka. We were on a little mission called the access to capital for small business task force.

Over the past two years I have been here, I have seen that the federal government only has the capability to create the atmosphere for the creation and the enhancement of small business. We do not have the money any more to throw at jobs because of deficit reduction, et cetera. One thing we have done is establish the small business centre in Toronto to cut through the red tape.

Bill C-99 is only one part of the overview. The Federal Business Development Bank and business development corporations play very important and crucial roles in the formation and enhancement of small business.

Could the member give us any information on what is being done with them to improve that part of the overview?

Mr. Mitchell: Mr. Speaker, I will address a couple of examples the member mentioned. One is northern Ontario where we have a regional development fund called FEDNOR that is able to provide funding for small businesses.

One way to be creative is to combine the money from FEDNOR with the money available from the Business Development Bank of Canada. If FEDNOR is able to provide funding to cover contingencies, for example losses of 5 per cent, the Business Development Bank of Canada can lend with a higher risk profile. We are looking at taking approximately \$500,000 from FEDNOR and leveraging that through the Business Develop-