

the financial problems it has. He said the government was going to do something about it and would do it quickly. He said that the government would review the problems faced by the small entrepreneur in this country and that it was beginning then with a new active and vigorous policy. He said that the lending institutions, the universities, the public and the private sector would be included. He said that the government would carry out a review and bring in some recommendations.

We supported that move. Both the New Democratic Party and the Conservatives supported that position. However, that was 19 months ago. We are patient folks on this side of the House but recent inquiries indicate that it is likely a number of months off yet before the review will see the light of day, let alone the legislation that will see some of its recommendations put into place, and what we are having to tell the small business community is that it must be patient. Perhaps next spring, next summer or next fall the review will be brought forward with recommendations, and perhaps by next Christmas or shortly thereafter we will have legislation in place to assist financially. That is what we are going to have to tell the small business community. But I can tell you, Mr. Speaker, that the small business community in this country cannot wait that long.

An hon. Member: Why can we not have it this Christmas?

Mr. Riis: It is all right for us to be patient, but when you are out there having to meet a payroll, trying to keep your stock at a suitable size in order to provide adequate service to customers, you cannot wait another six months, nine months or another year. I say that 19 months and still holding is too long.

The kind of problem that was advanced by small business groups from across the country was straightforward. Our task force heard that they would not be assisted greatly by the Small Businesses Loans Act. Although this act has been successful, being particularly successful in British Columbia because that province has taken most advantage of this legislation on a per capita basis, it will not help many of the small businesses that are experiencing difficulty today because loans are not available for working capital. Nor is there anything available in it to keep inventories at levels which can satisfactorily serve customers. If small businesses cannot keep up inventories, their level of service begins to decline. People will go shopping in small stores only to find that the goods are no longer there, that they are on order. The small store then has to get in touch with the manufacturing plant, and the orders have to be processed. Goods that would normally be picked up off the shelves might be weeks or months away. What do customers do in those circumstances? Do they remain patient and support the small entrepreneur? Or do they go next door to a large chain or a multinational which is able to offer the same goods because its financing arrangements enable it to maintain inventories at a much higher level than the small entrepreneur can? This state of affairs is not puzzling. People will obviously go where they can obtain service. Once again we are sounding the death knell loud and clear for the small business community.

Small Businesses Loans Act (No. 2)

I want to say in closing that the hon. member for Cambridge outlined in detail the specific problems which the small business community faces because of the budget. I think most Members of Parliament have been made aware by many groups and individuals what those difficulties are, and I do not feel that I would contribute much this afternoon by articulating them once again. However, I want to say that while we are pleased to support this piece of legislation, it is a hollow piece of legislation. It is one small step toward supporting the small business community at a time when a race is required. While we enthusiastically support the various motions that have come up today regarding this particular bill, we hope the minister has heard our concerns and will do what he can to take action quickly so that we do not have to wait another 19 months before we have to stand up in the House again and ask when we will see some action.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I wish to express my appreciation to the previous speakers for their support of this piece of legislation which will give us the authority to increase the total amount of loan guarantees available under the Small Businesses Loans Act.

The minister has just outlined the very straightforward nature of the bill. For my part I simply want to draw the attention of hon. members to the purposes of the Small Businesses Loans Act and to its importance and widespread acceptance in the business community. This fact is verified by the need for this amendment before the House today.

The Small Businesses Loans Act is one of several measures implemented by this government in support of the Canadian small business sector. This sector plays an important part of the life of our country's economy. A recent publication of the Federal Business Development Bank had in it the following words:

More than 90 per cent of Canadian businesses are considered small businesses. They employ 2.5 million people or about 42 per cent of the commercial labour force. Collectively, these businesses account for 25 per cent of all business sales and for a quarter of the Gross National Product.

Yes, Mr. Speaker, even though the General Motors, the IBMs and the Imperial Oils of the world grab most of the attention, it is the little guys and the small businesses that keep the economy on its financial feet.

The Small Businesses Loans Act originally came into force on January 19, 1961. It was designed to make it easier for small business in Canada to obtain current financing. It encourages lenders in the private sector to make term loans available to small businesses by guaranteeing the lender against loss. This legislation is almost identical to the Farm Improvement Loans Act which is available to farmers in this country. The combined totals of those guarantees at the present time are something over \$1 billion.

Any small business in Canada operating for gain or profit in the areas of manufacturing, wholesale trade, retail trade, service, communications, construction or transportation, is eligible to borrow, provided that the gross revenue of the applicant is less than \$1.5 million in the year of the application.