

Under similar guidelines slightly over 77 per cent of the loans made by the Industrial Development Bank are for \$50,000 or less, and the average authorization is now around \$44,000. It is the government's intention that the Federal Business Development Bank concentrate its financing activities in the same way to meet the needs of small business.

The new bank will also employ flexible lending techniques in recognition of the sometimes difficult financial situation of small businesses. For example, consideration will be given to delaying repayment of principal for several years, and arranging repayment schedules with balloon payments at maturity. These are only two of a number of flexible techniques which I expect will be used to tailor the bank's financial services to the needs of small businessmen.

Hon. members may recall that I stated on July 11, 1973, that the new bank would build on the existing strengths and organizational network of the Industrial Development Bank. This will indeed be the case. The Industrial Development Bank has, at present, 68 branch offices operating out of five regional offices. These will provide the initial office structure of the new bank.

On the financial side the Federal Business Development Bank will start from a strong base as the outstanding loans and commitments of the Industrial Development Bank total more than \$800 million. Its clients currently number more than 19,000. Thus the new bank will begin its operations with a strong organizational structure and a substantial clientele.

Although the new corporation is to have responsibilities in the field of management services additional to and different from the functions of the Industrial Development Bank to date, the new corporation will have a great advantage in being able to build these new services on the widespread organization of the Industrial Development Bank, and in drawing upon its long experience in the field of assisting small business. Working from a relatively small equity capital base, which has gradually grown to the present amount of \$71 million, the bank has been able to supply over \$2.7 billion of financing to approximately 41,000 businesses from coast to coast, representing employment estimated at more than 600,000 people. The Industrial Development Bank has now an experienced and devoted staff of approximately 1,400 people whose expertise will, of course, be at the service of the new corporation.

I would now like to outline the new aspects that this new corporation will be emphasizing. The first on which I should like to touch is the management counselling services to be provided by the proposed corporation.

The new bank will have the power to provide management counselling services, directly or through others, to persons who are engaged in, or about to engage in, a business enterprise in Canada, who meet criteria established by the board, and when such services will supplement other available services from the private sector. The bank will have the power to underwrite the cost of providing counsellors when the requirements cannot be met by the bank staff.

The management counselling service will initially be provided by the Counselling Assistance to Small Enter-

Federal Business Development Bank Act

prises—the CASE program—of the Department of Industry, Trade and Commerce, which will be absorbed into the new bank. However, officers in all branches of the bank will be available to provide a sounding board for ideas developed by existing or prospective small businessmen to assist them in working out a viable idea that could be the basis of a commercial plan. According to need, the small businessman could then be directed to the appropriate source of information, expertise, or financing to meet his need.

The bank will also have available counsellors who will provide detailed management advice in particular areas. This will be done initially by following the pattern already established by CASE in the use of retired executives as counsellors, and by the use of private counsellors when retired executives are not in a position to deal with particular assignments.

The CASE service is accordingly being expanded geographically in close consultation with the provinces, and the intention is to extend the coverage to the service sector in addition to the manufacturing and tourism sectors. In that regard I would expect there will be close to 1,000 retired business executives in the field in that CASE program by the end of this year, whose talents and experience will be used to help small businesses. I think it is one of the most imaginative and successful programs launched in a long time.

As the bank gains experience in the area of management counselling it will explore ways of improving, modifying and expanding these services. Here again I think that the new bank will have an important role to play. At the present time such services are being underwritten by the Department of Manpower and Immigration. This will be part of the co-ordination of a variety of services under one institution.

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The new institution, therefore, also would have the power to sponsor, support or organize conferences, seminars and other meeting for the promotion of good management practices. In this area the prime responsibility of the bank will be to pinpoint the needs of small businesses which can be filled most effectively by training, and to meet these needs with the most effective training methods available. Consultation with provincial educational authorities, business associations, small businessmen and educational consultants will all be necessary to ensure that training initiatives are appropriate, effective and complete.

The training service will establish priorities, develop courses, or make contractual arrangements for the preparation of course materials by recognized experts, and assist provincial government departments in the implementation processes. It will also play a useful role in developing and facilitating the exchange of information on implementation techniques, publicity, teacher training and other related teaching aids.

To fulfill these responsibilities initially, the bank will take over the owner-manager training program of the Department of Manpower and Immigration. The relevant courses are short and oriented to specific aspects of small business management. The Bank will also continue the