

Small Businesses Loans Act

extremely low and that is why the family unit and community spirit are so alive.

I suppose it would hardly be fitting as the Member for Mississauga North if in my maiden speech I did not make mention of our infamous train derailment. Perhaps I can use it to illustrate the true character of my community. My own business is located within walking distance of where that train derailed so I, as so many of my fellow residents in Mississauga, was deeply involved in the evacuation of our city. The evacuation was conducted and co-ordinated by various levels of government and is considered the world over a model of how evacuations of this size should properly be undertaken. This success was possible because there has always existed in Mississauga that co-operation between private citizens, businesses, governments and all involved organizations in our community. The doors have always been open in Mississauga to better understand what each of our residents wants, and because of open communication we have been able to grow together in such a successful way.

• (1240)

I want to parallel that to Canada itself, for I feel that the New Conservative Government is demonstrating, through legislation such as Bill C-23, that it wants to work together with Canadians. It does not want to burden them. I know that Canada too can experience the success that comes through consultation and co-operation.

I am pleased that so many of the residents of Mississauga applaud the new Government's decision to work together with all sectors of our society. I am proud to represent Mississauga North in this House and in this Government. I will continue to work in the spirit of co-operation exemplified not only by Bill C-23 but also by all of the activities of our new Government to date so that all Canadians can achieve their dreams and goals.

Mr. Deputy Speaker: If there are no questions or comments, we shall continue with debate.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am happy to join in the debate on Bill C-23 because it relates to the Small Businesses Loans Act, and the small business sector is obviously one of the most important sectors of our economy today. However, before I do I want to congratulate the Hon. Member for Mississauga North (Mr. Horner) on his maiden speech this afternoon. It is obviously a very intimidating experience for any new Member and he acquitted himself very well. I compliment him on the speech he has made here, not only for emphasizing the importance of this legislation, but also for telling us a little bit more about his own constituency. Members of this House are always interested to learn about various parts of our country, all of which fit together to make up the 282 seats of this Chamber.

This legislation, Mr. Speaker, does some very good things in that it extends the Act for another five years. I think everyone in the House would agree with that. It also increases the total lending ceiling from \$1.5 billion to \$1.8 billion, which will allow that many more loans to be made. The Government is to

be commended for bringing in this kind of legislation at this time because I know of hardly any small businessmen who are not looking for a lower rate of interest such as is made available under this Act, when and if it is possible to get a loan under this legislation.

I am less impressed, Mr. Speaker, with the fact that the limit on individual loans is being raised from \$1.5 million to \$2 million. There may be instances where that is valuable, but in looking through the history of the Act, in most cases loans are of the order of \$25,000. So it does not strike me that there is a great need for this increase, although it certainly falls in line with the increased needs of business due to inflation.

I think the real concern we have about this legislation, and the greatest problem with the Small Businesses Loans Act, is that the banks seldom want to make the loan. In 1984 there were some 31,000 loans under this Act, which was a record. Going back to, say, 1977 there were only 4,800 loans under the Act. If you divide that into 282 constituencies, and of course it is not divided up that way, there have been very few loans made.

My constituency covers some 13,000 square miles and I suppose there are 50 or 60 bank branches serving the area. But in the average town or community there are practically no small business loans available. You really have to know your banker very well; you really have to fit into the area he wants to look after. A lot of the loan decisions are made in Toronto, Montreal or Vancouver, the regional centres in the country, and these loans tend to be preferred customers.

I fear, Mr. Speaker, that there are two provisions in this legislation which reduce the effectiveness of the Act to what it was in 1977 when there were only about 4,000 loans made across the country under the Act. The legislation requires that the bank assume 10 per cent of any loss. Given that, certainly the availability of loans will drop dramatically when what we want to do is encourage the banking institutions to provide more small business loans, not less.

Often I have people come to me and say that they are starting a new business or expanding their existing business and they ask what is available in the way of financing. I tell them there is the Federal Business Development Bank, but they say no, interest rates are very high there and they have to be turned down by at least two banks and so on. Then I suggest the small businesses loans program, but their response is that the bank is not giving any of those loans in their area. It is a good program with interest rates at 1 per cent above prime, but the banks will not give them out.

When you look at the figure of 31,000 loans across the country, you have a sneaking suspicion that a lot of those loans are going to areas like Mississauga North which are rapidly expanding. There is tremendous growth and there has been for the last 30 or 40 years. But if you get out into the rural communities of Algoma or the Manitoulin district, or the Sudbury district where there is slow economic growth, the small business loans just are not available. If they were not available many times in the past, then how much more are they going to be available when the banks have to assume 10