government borrowed that money, it invested in non-productive investments.

Finally, since I have only a few minutes left to speak, I would like to address myself to the Small Business Development Bond and what the government has done to it through this particular budget. In doing so, I would like to read into the record a letter I received from an accountant in my constituency. In the letter, he is pleading with the tax policy and legislation branch of the department of finance on behalf of his clients. He writes:

My client is a company involved in poultry processing in the interior of B.C. As you are probably aware, poultry processing is a very high risk business as evidenced by the present proposed closure of the Panco Poultry plant—

The Panco Poultry plant is in Surrey, British Columbia. The letter states further:

—and by the previous closure of Maplewood Poultry. The Honourable Eugene Whelan has been indirectly involved in assisting the Maplewood Poultry Plant and, I am sure would provide you with any required details about the high risks involved.

Three years ago my client started a very small plant from 'scratch' and has recently been involved in large capital expenditures to increase capacity and employment. A publicly stated goal of the federal government has been to encourage investment in secondary industry (and of course increase employment as a result) in the lesser developed areas of the country. My client's investment expenditures have been until November 12, 1981, a specific example of physically putting into practice the government's highly acclaimed self-laudatory goal.

The client had a large amount of plant expenditures eligible for the SBDB, and, until November 12, 1981, arrangements had been 'substantially concluded' (as had Dome Petroleum) to refinance existing loans originally made for plant expansion so that the burden of record interest rates could be alleviated somewhat by the SBDB.

The only outstanding issue at November 12, 1981, was that the client had not yet decided what total expenditures were still to be incurred before December 31, 1981. Prior to November 12, 1981, because of the nature of the SBDB, it had been decided to wait until the last possible moment before December 31, 1981, to issue a SBDB, so that the precise and maximum amount could be financed under a SBDB. This would result in the maximum relief possible from the interest expense burden.

However, the client's diligent plans have been put to waste by the November 12, 1981, budget. As you can see from the enclosed photocopies the bank has advised that the formula regarding interest expense on the SBDB had changed. Now the client has been advised that the interest expense on SBDB, issued after November 12, 1981, will be 3 per cent higher than for those that had been issued before November 12, 1981. For all practical purposes that reduction 3 per cent spread now makes it no longer attractive for the client to issue SBDB. The net result of the client's diligent planning based on the previously set rules and deadline of December 31, 1981, is that they are penalized by the budget by losing out on an interest expense reduction of an estimated $5,000.00 per year (3 per cent of $169,500.00).

I would respectfully request that the SBDB budget prepared be amended so that it results in no difference in the interest formula charged by banks. Then my client (and other similarly affected Companies) can be treated in the same fashion as those companies who had issued SBDB before November 12, 1981.

The accountant went on to write to the Royal Bank, who was the lender of that bond. He stated:

I am writing to confirm our telephone conversations of November 17 and December 1, 1981. On November 17th you advised that the Company's SBDB application progress was still acceptable as the application was substantially complete before November 17th. On December 1st you advised that the bank's formula had changed because of the federal budget and the result is an effective rate increase of 3 per cent per annum—

As a result of the dramatic change in the cost to the Company, it has been decided to temporarily shelve its plans to obtain a Small Business Development Bond pending any change in government proposals.

● (2200)

That is what the government is doing by providing an insecure and a hostile climate where the government is the major competitor in the lending industry of our country.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

AGRICULTURE—REQUEST FOR PROGRESS REPORT ON INTRODUCTION OF BEEF STABILIZATION PROGRAM. (B) REQUEST THAT SURVEY RESULTS BE PUBLISHED

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, this adjournment debate is a follow-up to my question addressed to the Minister of Agriculture (Mr. Whelan) on November 19 which can be found in *Hansard* at page 12920. My question was a specific request for a progress report on a national harmonized beef cattle stabilization program for the calendar year 1981.

The minister knows my views and concerns about Canada's beef cattle industry, which is now in such a serious crisis throughout all of Canada. We have talked about it privately and in committee on various occasions. I advised the minister of the exact subject of my question in advance. It concerned stabilization, but he ignored my question.

He said:

Madam Speaker, the hon. member asks about what kind of plan I was proposing.

The minister went on to brag about his 1977 proposed stabilization program for several agricultural products. The situation four years ago was entirely different from today's cattle crisis. In 1977, our Canadian markets were trying to recover from political manoeuvring, mostly by the American government following that country's price and wage controls and its infamous "Nixon freeze". That was the occasion when United States over-fat steers, some of them weighing as much as 1,800 pounds, were able to be brought into Canada for slaughter and then be re-exported as beef to avoid the Nixon freeze. That was also the period of massive offshore imports from Australia and New Zealand that had unrestricted access to our Canadian markets at give away prices.

When the minister recites this story of his 1977 stabilization plan, which incidentally never came into being for our cattle industry, he should tell the whole story and why that plan could not work then. Now, of course, we have an entirely different and much more critical situation. The biggest difference is that our cattle numbers and supply cycles are at their low points and have been for over four years. Our industry is