

*Income Tax*

them when they did find themselves in some financial difficulty due to high interest rates, the Government continued to say: "We have the Small Business Bond, the Small Business Development Bond, and then the other bond to assist those businesses". However, they found that when they went to the banks to ask for the use of the bond, the banks would consider their financial statements and say: "Well, you are having difficulty; you are in financial trouble and we are the ones who must take the risk. Therefore, we do not feel that we can lend the money to you." It became a bit of a farce, because when the businesses were in trouble and looking for assistance, they went to the banks thinking they could use the bond but found that the banks said: "Sorry, you are a risk and we cannot provide that assistance to you".

I placed a question on the Order Paper as to how much money had been given out. The answer was provided in the millions of dollars. I believe the figure given by the Minister was correct, some \$2 billion, and it was broken down into Provinces.

**Mr. Blenkarn:** That was the Development Bond, not the Small Business Bond.

**Mr. Schellenberger:** It was the Development Bond. However, there was nothing which indicated to the Member of Parliament whether or not the Development Bond was used to assist businesses which were in financial difficulty due to interest rates, or whether it was just given to the businesses which were in reasonable financial shape. With some assistance through the bond, the banks were really taking no risk at all; they were just putting the businesses in a little better financial position.

At that time I wondered whether the Government had any ability to monitor a program which it announced and was bragging about to the people across this country. I wanted to see whether the banks were in fact assisting businesses which were in some financial difficulty or whether they were in fact just lending to the businesses which were really good risks anyway and which, by using the bond, the banks could make even that much better risks. That question has never been answered.

I want to ask the Minister whether this was just another program thrown out for public relations purposes and to assist some businesses, but with really no mechanism in place to determine whether it was in fact doing some of the work that it was intended to do, concerning which Ministers have responded to me that this was to help businesses in trouble.

After I pursued that matter a little bit, I found that there was in fact an organization in a building here in Ottawa, on Metcalfe Street, called the corporate rulings division which was available to small businesses if they found they were turned away from banks and really had no other place to go but perhaps into bankruptcy. This organization was prepared to consider their financial picture and make some rulings as to whether the banks were in error and should provide the bond or whether it should not be given.

Therefore, I presented a typical case in my constituency before the organization and after about eight or ten weeks the response came back, and I was very interested in it. The

response was: "It looks like you ought to be able to apply for the bond but we would like to know from you whether you have any relative from whom you could borrow money or any assets which you could sell off to come up with some money", and it went on and on. There was a long list of suggestions which I am sure any business in financial difficulty would have already pursued. Therefore, that was not of any assistance either.

I guess that what I am saying in my little address to the Minister is that when such programs are brought forth, there ought to be some ability to monitor them to see whether they are in fact doing the job. Ministers respond: "Look, you are in financial difficulty and you can use this bond". We, as Members, sit down and say: "Great". I can tell my constituents that a program is available to them. However, when we return to our ridings, we find that when these people go through the process it is not, in fact, of any assistance to them at all. If there is any monitoring ability, I would like to know about it. I do not suspect there is.

When a program is brought forth, why is the fact not announced that there is a division called the corporate rulings division which can assist businesses which have made applications but have been turned down and have thrown up their hands, not knowing where to go? Why is that information not also made available to assist them in these cases?

**Mr. Cosgrove:** Mr. Chairman, I have already indicated that the Section, as amended, has only been in force for a few months. I am advised that Revenue Canada is a Department which administers and reviews the elections. I cannot indicate whether there is a sophisticated system in place for monitoring applications under the Section in the way in which I believe the Hon. Member is asking that it be done. I would think that the experience under the bond is so new that it probably is not the case. However, we have heard representations. The Minister has heard representations such as those made by the Hon. Member and other Hon. Members and has raised that concern, as I recall it, with the Bankers' Association. Certainly it is something which we can continue to flag and bring to the attention of the banks.

However, I would also point out that there are other remedies and programs available as well to the very person I suspect the Hon. Member uses as an example. The Small Businesses Loans Act is another way in which the funding is made available at a reduced rate. Legislation concerning the program will shortly, I understand, be before Hon. Members. With the assistance of Hon. Members from both sides of the House, yet another program can be made available to people in the small business sector who are looking for assistance at this time.

**Mr. Schellenberger:** Mr. Chairman, I know about the small business loans program. In most cases it is 1 per cent above prime.

**Mr. Blenkarn:** That's what it is.