

believe these amendments are of fundamental importance to small business in Canada. To date, there have been over 91,000 applications for loans under this program which was introduced in 1961. That has provided much help for small business and many jobs for Canadians. However, the more important numbers are those which show the increasing demand in the last year alone. In response to these demands, there has been an increase of 48.6 per cent in the demand for loans and funding under this program. Indeed, in the last three years since 1977, there has been an increase in demand for these funds in the neighbourhood of 400 per cent. This indicates that the program is very popular with the businessmen and business women of Canada.

Since 1961, the government has loaned out \$1.8 billion under the Small Businesses Loans Act, a program which has been administered with less than six or seven staff members in the Department of Small Businesses and Tourism. It is a remarkable record for the administrative procedure of any government, and perhaps of any department in this government, that less than seven people have administered all those funds since 1961. I think it is a remarkable tribute to the program's operation, the simplicity under which it was established, and the structure which allows small-business men easy access to this kind of insurance.

We hear criticism from many quarters that the government is giving these guarantees but that it is not doing enough for the small-business men. However, we should look at where those guaranteed funds under the Small Business Loans Act went in 1980 alone. Forty-seven per cent of the guaranteed funds went to the service industry and 25 per cent of the funding went to assist small-business men in the retail trade. Twelve per cent went to the energy sector; nine per cent went to the transportation sector; ten per cent went to the communications sector of small business; and a total of five per cent went to wholesale trade and construction. One will see, considering the funds administered in 1980 alone, that there was a wide dispersment of assistance, protection and guarantees for loans across the small business sector.

Where did the benefit of this funding go, and how did it assist small business? About 58 per cent went to the purchase of movable equipment, equipment which these small businessmen were able to use. That loan, as it spread through the economy, generated a tremendous amount of work, a tremendous amount of jobs, and a great deal of buying power which assisted small businesses that were not even included under the small business loans provisions. There were improvements and modernization of plants, equipment and premises, including construction and the purchases of premises for modernization purposes, in the neighbourhood of 29 per cent. Eleven per cent went toward the purchase of fixed equipment, and approximately 1.8 per cent went toward the purchase of land.

Since 1961 when this program was introduced, the default has been less than one hundredth of one per cent. The government had to pay \$9.7 million in defaults as a result of guarantees that it gave under the Small Businesses Loans Act.

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That is a remarkable tribute to the Canadian government in that it had sufficient confidence in our Canadian businessmen to know that they would take out responsible loans which they would be able to repay, and that they could manage their businesses to the extent that the government's guarantees would never be called by the banks. Less than one hundredth of one per cent of loans guaranteed by the government were actually in default. Until December 31, 1980, the government only had to come forward with \$9.7 million to repay loan guarantees. Therefore, I want to say that that is certainly a remarkable tribute to the foresight of the government, but it is an even more remarkable tribute to the management, skills, productivity and incentives of small business in this country.

We have spoken about the recent budget and what it has done for small business in this country. We have heard a great deal of criticism to the effect that the budget has not done anything for small business. I want to speak about the Small Business Development Bond program itself.

The Small Business Development Bond program has continually been extended. First of all, it was introduced and was to close out on March 31, 1980. That time was extended to December 31, 1981. In November, the Minister of Finance (Mr. MacEachen) introduced his budget which included an extension of the Small Business Development Bond program for another full year. In essence, the government has responded to those needs.

However, let us look at some of the things in the budget and what has been done. The small business deduction, the annual limit on income qualifying for the special low tax rate for small business corporations, will be raised from \$150,000 to \$200,000, and the cumulative limit will be raised from \$750,000 to \$1 million. To target the benefits of this incentive to the growing small businesses, corporations will no longer be able to maintain their eligibility of this benefit by paying out dividends. That provision has been extended to a point where one could accumulate up to \$1 million in income, and the annual limit is up to \$200,000. That will provide \$50 million in assistance to small business in this country.

The other item about which we spoke was the two-year extension of the corporate surtax which will now apply to corporate income which qualifies for the low small business tax rate. We have now increased the limit to \$200,000 and the cumulative limit has been increased to \$1 million. Those small businesses will now be eligible for the low tax rates for another two years, which will contribute over \$100 million in tax savings to small-business men over a period of two years. This will enable approximately 175,000 corporations to qualify for the lower tax rate.

Therefore, there are certainly some significant and major incentives in the budget which will assist small businesses. Indeed, the structural change in the federal sales tax provisions will mean that tax will be applied at the point at which goods are sold for retail rather than at the manufacturer's level. The change will take effect on July 1, 1982, and the tax rate will be reduced from 9 per cent to 8 per cent to keep the revenue yield