

Improvement Loans

The amendment may sound complicated but in fact it is very simple. The intent of Bill C-48 is to allow corporations with annual sales of less than \$1.5 million to take advantage of the Small Businesses Loans Act, the Farm Improvements Act and the Fisheries Act. However, because of the lack of a general definition put forward by the government—something that we on this side of the House have been requesting for months if not years—confusion arises as to the definition of small business in this bill.

The definition of small business in this bill is one which has gross sales of \$1.5 million a year or less. That definition was used in the act prior to this legislation. As a matter of fact, a major amendment in the bill before us is to increase that figure from \$1 million to \$1.5 million, something that we agree with because it spreads the eligibility to a greater number of small businesses. The problem is simply this, that there exists in Canada a number of corporations which may on their own have annual sales of less than \$1.5 million, but which in fact are subsidiaries of large corporations, either Canadian or foreign owned, of multinational corporations more often than not, either in the United States, in Japan or elsewhere. I would like to give you a few examples.

There is a Canadian company in Toronto by the name of Toronto Iron Works whose gross sales in 1975 were \$73,000. Therefore this made it eligible under this act. However, upon looking further into the matter one notes that Toronto Iron Works is in fact a subsidiary of Warnock-Hersey International which in that same year, 1975, had sales of \$96 million. That is a Canadian owned company.

The second example is that of Nordex Explosives Ltd., of Montreal. In 1975 the gross sales of Nordex were \$430,000. Once again, Nordex would be eligible under this act, and in fact under a majority of government programs which specifically define small business by its sales rather than giving a definition of small business. But Nordex Explosives Ltd. is a subsidiary of Dow Chemicals whose gross revenue exceeded \$5.6 billion last year. This is certainly not a foreign owned company that should have the right to take advantage of Canadian government programs.

My amendment simply eliminates the right of subsidiary companies whose parent companies, whether they be Canadian or foreign owned, have sales of more than \$1.5 million a year. It is a very simply amendment. The minister has indicated privately to me, as well as in committee, that he agrees with the spirit of such an amendment. In fact he said the following last Friday in committee:

I am happy to indicate to the hon. member that the Minister of Finance and I agree with the spirit of this recommendation and it would be our intention through the Department of Finance and the Department of Justice, and our own small business secretariat, to examine this question very carefully and see if an appropriate amendment could not be put at the report stage.

He went on to say:

We will make an undertaking that we will contact the hon. member also about the wording of possible amendments and keep him advised as we go along.

That was last Friday. Let me say, in fairness to the minister, that he did call me this morning. Neither he nor his officials

had sufficient time to word their amendment. Therefore I sincerely hope that hon. members will take into serious consideration my proposed amendment to eliminate from this bill subsidiary companies whose parent companies have sales of more than \$1.5 million a year.

I see the minister is anxious to support this amendment, so let me just say briefly that this is another example of the lack of a definition of small business in Canada, especially when we can compare ourselves with other industrialized nations, whether it be the small business administration in the United States, the small enterprise agency in Japan, the small business sector in West Germany. All these industrialized nations, with a far healthier economy than ours, have a general definition of small business. The definition of a small business in the United States is as follows: "an owned or managed enterprise not dominant in its field".

Our recommendation from this side of the House—and certainly the recommendation of the Canadian Federation of Independent Business—is that the government adopt either a similar general definition of small business or the one that I put forward. The minister stated on a number of occasions that he listens very carefully if not to the opposition, to the federation. The federation has been making this recommendation, and I hope for the sake of clarifying problems like this and others related to small business that the minister would take the general definition into consideration. In the meantime I hope he will consider this amendment and include it in Bill C-48.

● (1720)

Some hon. Members: Hear, hear!

Hon. Len Marchand (Minister of State (Small Business)): Mr. Speaker, as I indicated when we allowed unanimous consent for this amendment to be put, it was so that the hon. member would have an opportunity to get it on the record and have it discussed. At this time, however, I am not willing to accept the amendment in its present form but I want to reiterate the commitment I gave in committee that the Minister of Finance (Mr. Macdonald) and I agree with the spirit of the amendment. Regretfully we were not able to get an appropriate wording for the amendment over the weekend. Drafters in the Department of Finance and the Department of Justice had considerable difficulty with the spirit of the amendment.

In his amendment the hon. member referred to an association which he says means "an arrangement of businesses whereby the separate existence of those businesses is not solely for . . .". I made a commitment to the hon. member on the telephone this morning that we would like to see this bill go through all stages and bring back an appropriate amendment, probably this fall. I think the hon. member agreed to this. As you know, Mr. Speaker, the act expires at the end of June if this bill does not pass. I hope, with the co-operation and understanding of hon. members, we can give speedy passage to report stage and third reading of the bill.