

The Budget—Mr. Fisher

and I am sure in the rest of the country, are suffering because of the inflexibility of the Federal Business Development Bank. Businesses are unable to refinance the 19 per cent to 22 per cent interest rates they are paying to that organization. Other businesses in the community which were lucky enough not to have to finance through that bank were able to bring their interest burden down to a much lower level, and in some cases they are now thriving. The businesses which were forced to work with the federal Government through the FBDB are suffering seriously and cannot refinance without heavy penalties. Perhaps the Hon. Member could tell me why that was left out of the Budget and why the Government is not doing anything about it.

Secondly, Mr. Speaker, in single industry communities in the sort of mid-Canada corridor where many of us represent communities, small businesses are suffering heavily from transportation costs which are a tremendous burden. The federal Government had the opportunity to remove, or at least ameliorate, the 9 per cent excise tax on fuel. It would have helped fishermen, brought into equality inshore and offshore fleets, and would have been of tremendous assistance in solving the transportation problem of high costs. Could the Hon. Member enlighten us as to what really could be done for small business to help them out with those problems?

Mr. Fisher: Mr. Speaker, I mentioned in my comments that this Budget should also be read in connection with the April Budget. I would encourage the Hon. Member to do several things, which I do with small businessmen in my riding. First I tell them to check out the possibility of getting equity investment instead of debt financing. That possibility results from the tax changes introduced last April and is a real incentive for small businesses to have cash put in on an equity basis and get them off the inflexibility and high interest penalties they face with debt. I might add that the experience we have had in Vancouver, I believe, with the FBDB pooling ideas and investors, has proven to be very useful. The second thing I do is to refer my small businesses to the FBDB to see if they can find an investor to come into their business instead of their having to borrow the money. So there is a positive tax measure, and the FBDB has set up a group to try to pool investors to take advantage of investment opportunities and tax breaks.

I have to remind the Hon. Member that the FBDB is the lending institution of last resort. It is not a question of being lucky when you go there; it is a question of being risky. If you have a risky business and you cannot get a loan or investment elsewhere, the FBDB will look at you. But it is a high risk area. The financing comes from commercial banks, the loans are backed up by FBDB and the federal Government, and as a result the interest rates are higher. Business people do not like that, but they are practical and they know that if they have a risky business and need a lender of last resort, then they are going to pay a little bit extra. The FBDB's charges are not exorbitant in light of those conditions.

● (1640)

Mr. Parker: Mr. Speaker, I would like to ask the Hon. Member why there was no provision made for small farmers who have come before the Cabinet with problems with regard to income tax. They have had to leave their small farms to go to work in small businesses and other places. They are now being attacked for three and four years of back taxes. Yet in the Budget there was a provision for the incremental oil revenue tax to be deferred for an additional year to June 1, 1985. Provision was made for the oil companies but not for the small farmer who must face high interest rates. In order to pay those rates he must obtain employment off the farm. Then the Department of Revenue taxes him and disallows expenditures on his small farm. Why was there no provision made for that? Is it because they were not able to come to Ottawa and lobby individually for their rights?

Mr. Fisher: Mr. Speaker, I appreciate the question. It was expressed very emotionally and, I regret, very irrationally. First of all, the Hon. Member would be well advised to do his homework. He gets paid a good fat salary and should at least earn it by reading the Budget. The Budget says that a consultative committee will be set up to get rid of these problems. However, it is a very thin balancing act. The Hon. Member knows, or should know, that we could move in this area and make situations worse for farmers very much more easily than we could make them better.

The Hon. Member laughs, but all he has to do is to go to Surrey-White Rock-North Delta where farmland is at a premium and see what would happen there when hobby farmers flood into the area, raise land prices and take away legitimate producers because they want the tax benefit.

Mr. Parker: I will send that answer to my constituents.

Mr. Fisher: The Hon. Member has not taken that into consideration. The Hon. Member has also not taken into consideration the very special relief given to farmers to help them with RRSPs and capital gain problems upon retirement.

Mr. Parker: They want to save their farms.

Mr. Fisher: Again I see him rolling his eyes back and again obviously he has not listened to retiring farmers who will very much welcome the opportunity to spread out or remove altogether their capital gains burdens. Those are important problems. I suggest, after he has taken a look at all these things and—

Mr. Parker: After they lose their farms.

Mr. Fisher: —studied the issue in a little depth, that he might want to make a submission to the consultative committee. Hopefully, it will reflect a lot of thoughtfulness.

Mr. Deputy Speaker: Order. The time for questions and comments has now elapsed. We will proceed to debate. The Hon. Member for Comox-Powell River (Mr. Skelly).