

● (2022)

[English]

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I want to spend the bulk of my time talking about research and development. Before getting into that I should like to make a few remarks based on the comments of my colleague the hon. member for High Park-Humber Valley (Mr. Jelinek), and those of a few other members, possibly just adding a bit to what they have said.

Hon. members will have noticed that in our motion we recommended the establishment of a small business secretariat. The minister in his remark in reply said he felt the present structure of a Ministry of State for Small Business, under the wing, so to speak, of the Minister of Industry, Trade and Commerce (Mr. Horner), was adequate. I believe that was the gist of his remarks.

Let me just say that the concern we have on this point results from the fact that we all saw the establishment several years ago of the Ministry of State for Science and Technology. Like many Canadians, we thought it was really going to be something, but we find on examination of the administrative structure that a ministry of state, though set up by act of parliament, can be cancelled by order in council. Essentially it is a weak structure from which you cannot expect too much muscle. For that reason my colleague and others who have looked at this situation felt that a small business secretariat not under the wing of the Department of Finance or the Ministry of Industry, Trade and Commerce would be a better structure through which we could carry out programs.

Let me just say a word or two about the Small Businesses Loans Act. Because I have had a good deal to do with it in my constituency during the years I have been a member here, let me make a suggestion to the minister, if he will consider it. Probably one of the most valuable things the minister could do as far as the Small Businesses Loans Act is concerned, now that we have the rates sorted out, is to put together a little booklet on how to apply for a small business loan.

In talking with people in banking I have been told that the greatest difficulty they have in granting a loan is with the applicant. Applicants do not as a rule come in with adequate information. They do not bring a financial statement in most cases or a statement in respect of cash flow, and in many instances do not have a clear idea of what they want to accomplish. Applicants usually come in as a result of a cash bind in which they find themselves at particular times. They run into the bank and say they would like to have a loan under the Small Businesses Loans Act, but they do not have the supporting information. These applicants do not get their loans and consequently feel aggrieved and call their member of parliament.

I think that if a very straightforward brochure was put together on how to apply for a small business loan, explaining also that the government only guarantees the loan, it would be of assistance. It should point out that the money does not belong to the government but is the bank's money and the

Small Business

bank has to approve the loan. That is something else most applicants do not understand. The brochure should point out that if the applicant expects to get bank approval he should take these several elementary steps, putting this information together, as this will assist the bank manager to assess the application for a loan. I pass that suggestion on to the minister for his consideration as I think it might help the situation considerably.

Having regard to the paper flood we seem to have experienced and about which everybody is complaining, let me just repeat what I have said a couple of times in this House. Perhaps others can do what I did in a practical way to cut down on the paper work coming into my office from the government. I bought a rubber stamp on which was engraved simply "not applicable". I took all those pieces of paper that dealt with taxation and put them to one side because I realized I had to pay the taxes, but anything that did not deal with taxation I stamped "not applicable" and sent it back to Ottawa. After I had done this three or four times my paper work was reduced by 30 per cent or 40 per cent. I pass that information on to any members who would like to use it because I can say from experience that it works.

Let me now deal with research and development as it applies to the small business sector. When you look at the structure of small businesses you must ask yourself where these people come from. In most cases you find they come from large businesses. These people have worked for a large business concern and have a desire to go out and make it on their own. Whatever the rationale is, away they go and they take with them a variety of talent.

In many cases these individuals have design talents, engineering talents or what-have-you. The great difficulty facing a small businessman is insufficient cash flow. These people just do not have the cash to carry through a research and development project. They may have the idea and the desire, and the market may be there, but they do not have the cash to carry the idea through.

The first suggestion we make in that regard is that we should consider setting up a reserve for research and development from tax payable. In other words, when you make out your tax return and get right down to the amount of tax you must pay, you should be allowed to reserve a portion of that for research and development. This could be accumulated for a period of two to five years, depending on what it is you are going to do, so that when you begin your research and development project you will have the cash available to carry it through.

The second suggestion we would make to the minister is that we amend the Small Businesses Loans Act to allow small and medium-sized businesses to borrow under the act in order to supplement their reserves for research and development. We should allow research and development as a reason for granting a loan under the Small Businesses Loans Act. In fact, the two things could flow together. We should allow a portion of the tax to be set aside out of profits as a reserve for research and development, and follow that up with a loan to make it