

Income Tax

with whom the corporation was dealing at arm's length and it is issued, in whole or in part, directly or indirectly in exchange or substitution for that debt;

Mr. Thacker: Mr. Chairman, you can see how complicated the Bills are when the Minister has to refer to Section 15.1(3)(iv). It is just absurd. It is also clear that a person virtually has to have been petitioned into bankruptcy or to have voluntarily signed an assignment into bankruptcy before the Section can be used. That is why it has gone from \$2 billion down to \$200 million. We are not helping the genuine farmer who has been able to stave off this assignment but is virtually on the verge of tipping in. That is why I believe the Government has to look genuinely at this provision again. Why would we want to force people to have to take that incredible risk voluntarily to go into bankruptcy and then apply for relief under this Section? If they do not get it from the banks, they are into bankruptcy. Their assets can be sold off and they can be turned off their land. Surely that is not what a humane and caring Government would want to do.

I believe the Government should look at that again. Because a new budget speech will be coming shortly, it is possible that if the Minister of State for Finance can see how illogical the Section is as it stands, perhaps he could convince the Minister of Finance of this.

I believe those are all the questions I have on Clauses 8 and 9 Mr. Chairman.

Mr. Cosgrove: Mr. Chairman, the Hon. Member has put his finger on a very difficult point. Irrespective of political philosophies, the Act has to respond to changing economic conditions. It has also to be interpreted and used by the business world. It was for that reason that the Government of the Party to which the Hon. Member belongs introduced Section 15.1(3)(b)(iv) which he has criticized as being too technical. Farmers, bankers and business need some guidance, but his Government introduced the Section he is now criticizing. Revenue Canada, which administers the Act, provides a lot of assistance on a case by case basis to people who inquire whether they qualify under the Section.

Mr. Thacker: Mr. Chairman, under the Section introduced by the PC Government \$2 billion was advanced, and after the changes made by the Liberal Government some \$200 million has been advanced. That shows which Party genuinely cares for the man on the land.

Mr. Riis: Mr. Chairman, I should like to take a few moments to direct a number of questions to the Minister regarding Clauses 8 and 9 of the Bill. In my estimation these are very critical Clauses.

One begins to appreciate more than ever the plight of small businesses in Canada. I want to focus on the most positive aspect of the small business community. It is the part of the community that is most interested in expansion and development at this time. Could the Minister explain why the term "development" is included in the title of the Small Business Development Bond? What is the point of that?

Mr. Cosgrove: Mr. Chairman, it is probably historical. When originally introduced, the Clause was directed toward expansion. The amendment now directs funding toward, should I say, survival—those who are desperately in need of assistance. As I have indicated, the Section is fairly recent, it was amended recently. We are reluctant to remove from it the potential for offering the Section at some time in the future for development. Of course, we would all wish that no assistance would be required from the Government at all for the small business sector if the economy were stronger.

• (1130)

Mr. Riis: Mr. Chairman, I appreciate the point which the Minister made that at one time there was a real development component in the Small Business Development Bond. It became a familiar tool with a considerable number of small businesses in Canada using it to their advantage to expand and use the tax system in order to access lower than usual interest rates.

I want to direct a question to the Minister regarding the Small Business Development Bond and the Small Business Bond and ask him to give me some idea of the numbers involved, so that we have an idea of the usage of these two very important assistance programs for small business. Could he give me some idea of the numbers involved over the last 12 months, or whatever would be an appropriate period of time for which he would have statistics?

Mr. Cosgrove: Mr. Chairman, the only way in which I could respond at this time is, of course, to draw the attention of the Hon. Member to the amounts that have been taken down—over \$2 billion under the Section as originally designed and a further \$200 million under the Section proposed to be amended.

Mr. Riis: I seek a point of clarification. Is the Minister saying that \$2 billion has been allocated under the Small Business Development Bond and \$200 million under the Small Business Bond?

Mr. Cosgrove: No, Mr. Chairman. What I was pointing out was that historically, since the unamended Section has been in place, over \$2 billion was drawn through the Small Business Bond by small businesses. Since the amendment directing and targeting toward those businesses in difficulty, the amount taken down in that period of six months has been, roughly, an additional \$200 billion.

Mr. Riis: I thank the Minister for those figures. They certainly point out that the Development Bond was put to good use. I want to direct a specific question to the Minister regarding the Small Business Bond. Does he have any indication he could provide Hon. Members of the use to which the Small Business Bond has been put?

Mr. Cosgrove: A colleague of the Hon. Member made reference to a study conducted by one of the accounting firms, an analysis of the use, which I did not have at hand. The contention was that the majority of the funds had been used by