

some other fuel. These grants will create opportunities for small Canadian businesses involved in that kind of conversion or some other related area. As you well know, Mr. Speaker, the implementation of the Canadian Home Insulation Program introduced in the House by the former Liberal government generated thousands of small insulation businesses all across Canada. It is, therefore, quite possible that this new grant program to promote the conversion of oil heating systems to some other form of energy will indeed generate thousands of new small businesses.

Also, I think we should note the importance for the Canadian economy in general and for small business in particular of the industrial restructuring program promised in the budget introduced by the hon. Minister of Finance (Mr. MacEachen) and announced by my colleagues the Minister of Industry, Trade and Commerce (Mr. Gray), the Minister of Labour (Mr. Regan), and the Minister of Employment and Immigration (Mr. Axworthy). I think that this \$350 million which will be spent to promote industrial restructuring and manpower retraining will greatly help small businesses in areas of particular need to get set up, and to maintain and improve their operations.

In addition, Mr. Speaker, it is patently clear that the budget features two other highly significant tax measures more specifically related to small businesses. The first one will enable the owners of unincorporated businesses to deduct from their taxable income the salary paid to a spouse. This proposal will affect 600,000-odd businesses, most of which can be described as being small. Thanks to this new measure, any employee who is paid by his or her spouse will enjoy every fiscal advantage normally granted to regular workers. Farmers and fishermen will benefit as well from this measure, as indicated so eloquently last evening by my parliamentary secretary, the hon. member for Lambton-Middlesex (Mr. Ferguson). Finally, Mr. Speaker, this bill will put an end to the various controversies created by the implementation of the Small Business Development Bond program, under which banks and other lending institutions are allowed, for tax purposes, to report as dividends any income from interest payments. As we know, tax regulations governing dividends are less stringent, and that enables banks and other institutions to offer prime lending rates.

● (1530)

[English]

Under this measure small Canadian-controlled private corporations can obtain low-interest rate loans of up to \$500,000. These loans can be used to acquire fixed assets and finance research and development activities.

Small Business Development Bonds can also be used to refinance assets acquired after December 11, 1979, and to finance or refinance the obligations of small firms facing financial difficulties.

Income Tax Act

Although there have been some delays with regard to the introduction of this measure, the concept has been well received by the private sector. To date over \$200 million of financing has been provided to small businesses under this measure.

This tax incentive has now been extended from its December 31, 1980, expiry date to March 31, 1981. What that means is that with its retroactivity to December, 1979, this measure will have been in place for over one year to permit as many small businesses as possible to profit from it during the period of its existence.

[Translation]

If we consider every measure I have just mentioned, Mr. Speaker, we realize that so far the federal government has loaned \$3 billion to small businesses, either directly through the Federal Business Development Bank, or through loans guaranteed by the government under the Small Businesses Loans Act, or again under such programs as the business development program. Besides those \$3 billion in outstanding loans to small businesses, it is well known that roughly \$100 million is paid to small Canadian businesses through grants from the Department of Regional Economic Expansion, or the National Research Council of Canada, or the Department of Industry, Trade and Commerce, or any other department of this government involved in economic development.

In addition, Mr. Speaker, as I said at the outset of my remarks, several tax measures such as preferred rates for small businesses, deductions for inventory financing, deductibility of the spouse's salary in a business and all those tax measures amount to about \$2 billion annually in tax rebates. In other words, Mr. Speaker, and I think hon. members will agree with me, that represents for the federal government a very sizeable investment in the small business sector.

Naturally, rather than making a thorough study of the substance of Bill C-54, our colleagues from the New Democratic Party and from the Progressive Conservative Party saw fit to rehash their political philosophy and preferred to tell Canadians that there is nothing for them in Bill C-54, whereas they could have informed our fellow Canadians about the tax measures and proposals from which they stand to benefit. I suggest they are openly displaying their lack of responsibility but, coming from them, Mr. Speaker, there is nothing surprising in that.

[English]

Today I read the remarks made by the hon. member for Kamloops-Shuswap (Mr. Riis), who painted a bleak and inaccurate picture of the small business sector of this country which surprised me. I would like to tell him and this House that, despite an increasing failure rate, less than 1 per cent of businesses in Canada fail in any year. In addition, there are now more start-ups in the small business sector than ever before. While some 6,500 firms went bankrupt in Canada in 1980—and I think everyone regrets that—on the positive side of the