

With regard to the question of a small business act, I share to a certain extent the hon. member's view that were we to have an act and create a separate department it would perhaps give the minister a greater feeling of importance. It might give us a function independent of other departments, perhaps of the department in which the secretariat is located.

That, of course, could be achieved. We could bring in an act, and I suppose everybody would support it. Like most acts setting up government departments, it would be relatively brief and non-controversial. We could include in that act certain targets and objectives for the department, and draw from some of the ones in the motion today and others like it.

Upon analysis, however, one has to recognize that a department so created would hardly create a sense of much priority or a sense of great importance, either in the business community or other government departments. Unless you were to allocate to that department a number of functions which may or may not be solely related to small business, the department could stand isolated. It would not achieve any more than what we are capable of doing today within the Department of Industry, Trade and Commerce.

The other problem is that the Department of Industry, Trade and Commerce has a variety of programs. For example, there is the enterprise development program, programs related to tourism, and a variety of others which cannot be severed from their impact on large business or small business. If the department the hon. member would want set up does not have access by right and regularity to these major programs, it would be cut off from the mainstream of government initiatives as they apply to businesses. Although he and I might agree it would give all of us a sense of greater self-esteem to be completely separate, upon analysis it does not have as much merit as appears on the face of it.

The effort and co-operation I receive from my colleague, the Minister of Industry, Trade and Commerce (Mr. Horner), the officials who serve us both, and the growing realization in that department and the whole government of the expanding importance of small business, show that we are being served well. I do not say there is not room for improvement or no need for more programs. I do not say there is not need for changes in our tax structure, statutes of other departments, our purchasing policy, and a whole variety of efforts that, I hope, will ultimately be achieved.

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But I think it would be unfair not to pay some tribute to the tax structure which exists today in Canada because it stands preferable to that of any other country in the world. I believe most observers of the small business scene, looking at the tax benefits it enjoys, would agree with that statement. A good many of the most beneficial of these changes were made, I might add, in the spring of 1977. They included a number of proposals such as the favourable measure dealing with employee stock options, income-splitting between family members in unincorporated small business firms, the elimination of federal sales tax for small producers of handcraft, deferral of

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capital gains on voluntary sales of assets, and the option offered to venture capital investors to choose whether to be taxed on a basis of capital gains or ordinary income. I could go on, but I have already made that speech in the budget debate.

Of course no one should mention the tax system without stressing the importance of the corporate income tax rate for small business, together with the dividend gross-up and credit which provide a significant benefit to businesses with less than \$150,000 in income and retained earnings of up to \$75,000 which pay some 21 percentage points below larger businesses.

For instance, a taxpayer with \$30,000 of income pays only 26 per cent on additional income received from a small incorporated business. A wage or salary earner would be taxed at a rate of 46 per cent on incorporated income. All this shows that the government has not been idle when it comes to producing tax measures. While my predecessor and I cannot claim to have introduced these measures formally, they are the result of advocacy, of influencing the Minister of Finance (Mr. Chrétien) to the best of our ability. We believe we can do a better job on those lines than by trying to create a large empire from which we can crow about all the things we have managed to do for small business. It is better to develop a small, hard-hitting organization, to take policy initiatives and to influence our colleagues to put certain changes in place.

**Mr. Jelinek:** What about the transfer of businesses?

**Mr. Abbott:** The hon. member has made reference in the motion to the transfer of businesses and I acknowledge that in our ten-point program we forecast a need for intergenerational transfers. This is something I believe in, and I hope we can achieve it.

**Mr. Jelinek:** Why was it not in the budget?

**Mr. Abbott:** The Minister of Finance had a number of high priorities to deal with and he could not deal with them all. He could not do it this time, but I am hopeful we shall achieve it.

The Minister of Finance is not the only minister who has important areas under his control. The Department of National Revenue does its share to produce an efficient and relatively polite tax-gathering service, but it also imposes some onerous burdens on small business while carrying out its responsibilities. Here again there is a case to be made for influencing the Department of National Revenue to change certain of its procedures.

I do not want to take up more time because I recognize that this is a day upon which the opposition puts forward its ideas. I can assure members opposite, in all honesty, that I appreciate their motion. A good deal of it agrees with my own views and fits in our plans. Anything that is said today will help us. I know that is the attitude the hon. member has taken. I know he is eating his heart out to sit on this side, but if he continues to perform the useful service of telling us his ideas from over there, such a change will never become necessary.

**Mr. Beatty:** The minister explained the various things that have been done since he became Minister of State for Small