

Income Tax

I want to address this question to the Minister. Is he aware of any particular regional breakdown of the use of the SBBs? The question I am putting is whether there is not a regional bias in the granting of the Small Business Bond. When I made an inquiry to a number of the smaller branches of Canada's chartered banks, I find bank managers who say that they are not prepared to consider the Small Business Bond at this time, that they are not using it and that it is not part of their operation. That is either because they do not know anything about it, or because it is simply bank policy not to pursue this.

I have read statements, in fact, where bankers have said that the Small Business Bond is not a program that they are actively supporting at this time. I am wondering whether the Small Business Bond Program has found its use perhaps in some of the larger metropolitan centres, whereas some of the smaller communities or the rural areas of Canada have been left out of this bond program. Could the Minister clarify whether there is any truth to that assumption?

Mr. Fisher: Mr. Chairman, I am in an unusual spot; I was down here talking to the Chair when the question came along.

I would like to make a couple of comments to the Hon. Member about his preamble. I understand this morning that there were some facts given to the House about the split on the Small Business Bond between farms, unincorporated and incorporated businesses. I would hope that our officials could get these facts again for us so we can pass them along. That at least would indicate to the Hon. Member that not all of these bonds have been used in large metropolitan areas, as he says. A good portion of them have been used by farms. The Hon. Member will recall that the bonds themselves have been changed in this Bill in order to take into account the requests of people in agriculture who have wanted to have access to those bonds, and who have enjoyed considerable use of them since the measure was introduced.

I again object to the negative description of the bonds provided by the Hon. Member. He says that it is a bail-out bond. Let us remember that that negative description is his, not ours. It may be easy to scorn people who need help, who are in difficulty. Perhaps in his position, with all the resources of a wealthy Parliamentarian, he does not understand the needs of people who are trying to rescue their businesses and working hard trying to keep themselves afloat. Those people, I am sure, appreciate the help, whether he calls it a bail-out or some other negative name. I reject that.

I also point out to him that there is indeed a considerable amount of development money left in the hands of small businesses as a consequence of the increase in the ceilings of retained profit and of annual profit.

Finally, I would reiterate to him that assistance to companies like Chrysler is also assistance to hundreds and hundreds of small businesses in the form of suppliers, dealers and other small businesses involved with such a large organization. I think that we have no need to apologize to small business for having helped one large corporation. The collapse of a large corporation would inevitably drag down hundreds of people in

smaller outfits who would not thank the Hon. Member for opposing this kind of help.

The Deputy Chairman: Before I recognize the Hon. Member for Kamloops-Shuswap again, I think it is a proper courtesy to the Hon. Member for Mississauga South to indicate to him that it is his amendment which is on the floor for debate. I think I would want to recognize the Hon. Member for Mississauga South at any time that he indicated that he would want to bring the matter to a vote. I think perhaps the Chair is well off in leaving that in the hands of the Hon. Member to indicate his preferences in that regard.

Mr. Riis: Mr. Chairman, as the Parliamentary Secretary to the Minister of Finance indicated that he was speaking to you when I was making my delivery, it became very obvious, in his reaction, because he obviously did not hear a thing that I said.

I said that indeed I agreed with the support given to some of the major corporations. There was an obvious, positive ripple effect to the small business sector of Canada. I stated that. I cannot imagine how on earth else I could say it. I could try to simplify it for him, but I do not think that he needs that.

I also said that indeed it was a bail-out bond, and I am prepared to stick by that. I would say that I could provide a list of hundreds of small businesses in Canada that have been turned down by the chartered banks, because the chartered banks are simply not offering Small Business Bonds any longer. I stand by that. There might be the old isolated case, but by and large that is not the information I have.

As the Hon. Member for Mississauga South has indicated, the only time that the banks are enthusiastic about the Small Business Bond is when they have to save their own necks. They are not interested in the particular small business involved, but when a small business comes to them that is obviously going bankrupt, and perhaps the bank has not totally covered itself in terms of its security, they can then bring in the loan and renegotiate it under the Small Business Bond in an effort to save the bank's money, not so much to save the small business.

I think it has been a real oversight that the Government has put so much faith into the banks in terms of their willingness and enthusiasm to implement this program. As I stated at the beginning of today's session, the only reason that the banks will support this program is that there may be a tax incentive for them to do so, but we have given the banks so many tax incentives that now they are not interested in pursuing this Small Business Development Bond Program.

I want to direct a question to the Minister regarding the definition of the Small Business Bond Program. It is called the Small Business Development Bond or the Small Business Bond. I want to ask the Parliamentary Secretary to the Minister of Finance to respond to this. The question is why \$1 million has been identified as the ceiling, after which the small business becomes a large business. It becomes a large business when its retained earnings are in excess of \$1 million, and automatically it jumps from the small business tax bracket to the corporation tax bracket.