

Income Tax Act

ings exempt of tax will be available to annuity holders at the time of retirement. That is one worry we have with the proposition of the hon. member. Of course, it is always subject to review. An analysis will be made of any suggestion. I can assure the hon. member that it will be noted by my officials. I have just given off the top of my head what I think are valid reasons for being hesitant to take the road suggested by the hon. member.

● (2012)

Mr. Friesen: I agree with the minister when he indicates that the purpose of RRSPs is investment. That is just the point. I am looking for some additional options for investing money. The minister said it is necessary to secure the money to ensure, when people want to draw retirement benefits, that it is there and has not disappeared because of the crumbling of some organization. That concern is very valid.

A few years ago a financial institution named Commonwealth Trust existed in British Columbia. A good many taxpayers and investors put money into that company, and it is no more. I am sure that company was registered and recognized by the Securities Exchange Commission. Also a few years ago the Bank of Montreal lost something like \$60 million in one shot in a matter of international currency exchange. The bank was far from crumbling, but the point is: highly recognized financial institutions are capable of losing money, making poor investments and even disappearing from the scene.

If the government wants to licence non-profit organizations, it can be done with the same kind of strictures, limitations and demands which are put on trust companies, insurance companies and so forth. Why should taxpayers not be given the additional opportunity of seeing where their investment dollars go? Then they would have at least the assurance and pleasure of seeing their money invested in what they think is the most positive and creative manner.

Mr. Chrétien: I take the representation of the hon. member, but I have nothing to add to it.

Mr. Orlikow: Mr. Chairman, my question concerns an area which was discussed earlier this afternoon. Has the minister been able to make any progress in solving the difficulty with regard to RRSPs? This afternoon the minister admitted that the problem exists. Has he given any consideration to the problems which will arise in terms of equity if he makes that change? I do not mean today, but can he give it consideration in the near future? Will the income tax system be made more equitable? Will the type of situation which I referred to this afternoon be eliminated? According to information released by Revenue Canada, in 1975 over 300 people had incomes of over \$50,000 and paid no income tax. Those incomes are quite large by anyone's standard.

Mr. Chrétien: We always look at ways and means to improve the tax system. We are attempting to avoid as many loopholes as possible. The hon. member is referring to a scheme whereby a person who makes \$50,000 takes advantage of all exemptions which exist in the law. It is not a case of this

[Mr. Chrétien.]

person paying no income tax. Usually it is postponed, and so on. We attempt to avoid that situation.

Everyone can make heartbreaking cases. The situation under RRSPs has been referred to where two minors can be cut and so on. We have to overcome the problem of very large accumulations of funds tax free which, at the end of the process, could be transferred with no tax. It could be a big pipeline of tax exemptions. I should like to examine all aspects rather than attempt to solve one specific problem which perhaps could create a large loophole for others to abuse.

Dealing with the situation concerning unmatured RRSPs and dependent children, I should like to look into that. I have a lot of sympathy for the situation, but at the same time it is a departure from the present tax system. In relation to assets being transferred to children within a family because of the death of an RRSP holder, if there is some capital gains and unpaid taxes on those assets, this is the occasion for the government to take its share of what has to be paid according to the law of the land.

Mr. Orlikow: I would not want someone reading *Hansard* to have the impression that I was referring to hypothetical cases of people using various loopholes in the rules and regulations of the Income Tax Act as a way of avoiding the payment of income tax. I was not talking about hypothetical cases. This afternoon I quoted precisely from the annual report of Revenue Canada. It indicated exactly how many people were involved. I am not talking about people avoiding taxes by not reporting income. The report concerned people who avoided the payment of income taxes, despite the fact that over 300 of them had reported incomes of \$50,000, \$100,000 or \$200,000.

In all seriousness, it would be much easier to say no to the people in low and middle income levels who want a bit of a break in the disposition of their RRSPs. It would be difficult to say to them that they are being asked to pay a pretty heavy tax because everyone is doing so. It is very difficult to indicate that to them when one realizes that there are large numbers of people who find ways of not paying income tax.

I urge the minister to look at the United States legislation which set up the Securities Exchange Commission. One of its provisions requires corporations which operate and sell shares in the United States to make public information with regard to the remunerations paid to their directors, officers and underwriters, as well as their contracts with the corporations, their bonus and profit-sharing arrangements, stock options and so on. It is standard for that information to be made public in the United States. Therefore, Americans know more about what corporate executives are doing and what their incomes are than Canadians do. The information we require is much less and it is not given to the public. It is time for Canada to have that type of legislation in order for Canadians to know how the free enterprise system operates.

Mr. Chrétien: Mr. Chairman, I am willing to look into that. Some of those things require review once in a while. When I tabled the Bank Act amendments, I made provision to the effect that perhaps it would not be advisable for presidents of