

Income Tax

they require the services of the highest price lawyers in Canada to set up the trust and give opinions on the matter. I for one have not had a reason to call upon such highpriced opinions or help. Obviously the majority of Canadians have not done so as well. It is probable, Mr. Chairman, that these Canadians who, because of their financial resources are able to call upon the best and most expensive advice on the conduct of their financial affairs must be first, the envy of some other Canadians, and second, I would think that some Canadians must feel a little frustrated, even a little angered, at the fact that there are some high rollers who have the resources necessary to take special advantage of the tax system.

However, getting back to the offshore mutual funds issue, it is not an offshore mutual annuity question; it is an offshore mutual fund tax technique.

Mr. Blenkarn: So what?

Mr. Cosgrove: The Hon. Member says, "so what?". The answer is that this special tax treatment has been in place for a number of years. It has nothing to do with this budget or specifically with annuities. It is only that annuities may be one of the riders under the trust, the mutual fund vehicle, that the issue now comes up. So I contest his protestation that this vehicle is the result of any of the Clauses which are before Parliament today on this issue.

Mr. Thacker: That is some answer.

Mr. Blenkarn: Some answer, as my friend says. The Minister says it is only the high rollers. Let me tell him that in the Casuarina prospectus the per unit cost is \$10,000, not a great deal of money bearing in mind that the maximum amount of Canada Savings Bonds purchased by one individual is \$35,000. If the Minister wants to buy the Money Fund, he can go down to Bache here in Ottawa and buy it. No problem, he does not have to be a high roller there. The Casuarina fund is financed and organized by the Royal Bank of Canada, not exactly an unknown institution in Canada. I am sure that if he really wanted to get involved he would just have to see his local Royal Bank manager, and that could be organized for him. The Minister says that is not an annuity, that is a money fund. Well, I want to point out that these Clauses deal with any investment situation where the money is invested and interest accumulates. The normal tax treatment in every jurisdiction in the world, other than this one if this Bill passes, is that interest is not taxable until it is received by the lender. Whether it is an annuity, an insurance policy, a guaranteed investment certificate or Canada Savings Bond with a cumulative feature, does not matter one iota.

The principle, Mr. Chairman, is that this Government wants to tax interest which has not been received. If people are going to save money in this fashion, they are going to earn a lot of money, and the Government says it is not going to get its tax fast enough. So the Government says, "Let us wring the neck of the golden goose; we will get the eggs out faster that way". I want to tell the Minister that he has wrung the neck of the golden goose. He has not answered my question about the

experience on the sale of deferred annuities since the beginning of December, 1982.

Mr. Cosgrove: Mr. Chairman, the Hon. Member urges the Government not to take any leadership in drafting a tax system which we promote on the basis of equitable treatment of all Canadians. Yet scarcely a day goes by in the House that we are not urged by Hon. Members opposite that we do need specifically Canadian designed policies in, you name it, energy, housing, or interest rates. Then, because the Government of Canada takes leadership in proposing an equitable system for the vast majority of Canadian taxpayers, he complains that we are taking leadership. I do not know where the consistency is in that.

To make the observation that investment in annuities is down, as I indicated this morning, what does that add to our understanding of what has happened in the economy? Can you name six sectors of the economy which have shown improvement, or where financial investments have not suffered as a result of the downturn in the economy in the last 24 months? I doubt it.

Mr. Blenkarn: The Minister still refuses to tell the House how much the sale of deferred annuities has decreased in the country since the Minister decided to bring in Subclauses 4(6) to (11). The money funds that I spoke of were deliberately set up to avoid the problems created for investors in those Clauses, the ones we are now dealing with.

The Minister said that the annuity business was great in Canada. That is what he said before lunch. I asked him what has happened to the sale of deferred annuities since December 1, 1982? He weaseled, he did not answer. I am going to sit down and expect an answer from him because he should have an answer and he should have it now.

Mr. Cosgrove: Mr. Chairman, I am going to repeat the answer that I gave before the break, and the one which I just gave a few moments ago, that the sale of annuities is down.

• (1540)

If the Hon. Member for Mississauga South is so familiar with this fantastic tax scheme that permits people to have a tax advantage by getting high priced assistance—he has mentioned the name of McLeod, Young and Weir—I suspect he could get specific information on that question from the people who are offering those schemes. I have not been into the offices of McLeod, Young and Weir recently, but the Hon. Member has. I am sure they could give him that information.

The Deputy Chairman: The time allotted to the Hon. Member for Mississauga South has expired. The Chair recognizes the Hon. Member for Winnipeg North.

Mr. Orlikow: Mr. Chairman, I rise to make a plea to Members of the Official Opposition to let the House get on with its business. Millions of Canadians whose only income comes from wages or salaries, do not have money to squirrel away in an annuity or RRSP or any of the hundreds of loopholes which the tax laws provide so that people with money can