

The Chairman: The committee has already agreed that consideration of clause 30 should end at six o'clock. Shall the clause carry?

Some hon. Members: Carried.

Some hon. Members: No.

● (1802)

Clause 30 agreed to: Yeas, 66; nays, 30.

The Chairman: It being six o'clock, I do now leave the chair until 8 p.m.

At 6.03 p.m. the committee took recess.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Friesen: Mr. Chairman, I guess it pays to be here on time.

Some hon. Members: Hear, hear!

Mr. Friesen: This is an outfit which likes to sneak this by you in a hurry.

I should like to draw the attention of the Minister of Finance or his parliamentary secretary, whichever one is better, to section 146 (1)(j)(i) opposite page 38 of the bill, which reads as follows:

—a contract between an individual and a person licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada an annuities business, under which, in consideration of payment by the individual of any periodic or other amount as consideration under the contract, that person agrees to pay to the individual, commencing at maturity, an annuity for life—

I brought this matter to the attention of the previous minister of finance. It is a subject about which I am very concerned. When an RRSP matures, the policyholder at the age of 60 buys a life annuity in one of the presently recognized financial institutions, whether it is a life insurance company, a credit union, a bank or other such organization. I would like to see the government take a more liberal, with a small "1", approach to this, open that whole reservoir of funds gathered together under the RRSP and make it available to other institutions which are not at present recognized by the government as accredited institutions. I am thinking of non-profit organizations such as, for example, a university, the YMCA, the Red Cross, World Vision, Food for the Hungry, church organizations, colleges, or bible institutes, all of which are always looking for a fresh pool of ready capital to help their organization and which have to go continually to recognized lending institutions for that reservoir of capital. It seems to me we are asking those non-profit organizations to work against themselves when they have to borrow at the highest rates possible.

Income Tax Act

Here there would be a whole new reservoir of money. We could license them through the Securities Exchange Commission or some such body, and have the government organize a licensing procedure so that these institutions would have the opportunity of tapping this new pool of capital to help them in their capital programs or operating expenses. That is my first point.

Second, it seems to me that the clientele who invest in annuities would have a new option in investing their RRSP. There is a whole clientele of taxpayers who would love to take part in an annuity program if they knew where that money was going. At present, when they go through a bank or an insurance company they know very well that the money will be reinvested but they have no control over the reinvestment program—that is the option of the credit union or bank. I am thinking of people with very strong religious convictions, for example, who do not necessarily want their money invested in liquor companies, distilleries or tobacco companies but would gladly invest their money in an RRSP if they knew that the annuity in the end could be turned over to a charitable organization, a church, a university, the YMCA, or mission programs.

If the government would liberalize this aspect of it, I think they would be doing a service to the taxpayer which has not been available up to the present time. I wonder if the minister, to whom I mentioned this a couple of years ago, would entertain this kind of flexibility for the taxpayer which would allow him to invest in this program with some knowledge of where his money is being invested, and let him live with his conscience this way.

Mr. Chrétien: I think we have to keep in mind the purpose of an RRSP. It is an investment, and we are giving an opportunity to a person to put aside some of his earnings for his retirement time. We propose here the addition of the RRIF which adds flexibility to the program by allowing a person, when he reaches the age of 71, to choose either to buy a life annuity or to cash in his RRSP. What the hon. member is suggesting is that we should permit people to invest in religious organizations, the YMCA, universities, and so on. What we are trying to achieve is to make sure that the money put aside by people making those savings is guaranteed so that when their time of retirement comes the money will be there. It is always possible to give money to charitable organizations, but I do not think it would be wise to invest it in this case because it might lead to all sorts of problems.

Suppose that someone decided that his RRSP should be invested in the YMCA, but it turns out that in 20 years' time the YMCA in Ottawa goes bankrupt. The poor man, who had decided to invest in this organization, would find that it could not deliver his money at the end of the process. That is why we are asking financial institutions with a sound financial backing to guarantee that the money invested with them will be available at the time of retirement of the annuity holder.

I share the hon. member's thought that church organizations and universities would be delighted to have that pool of money, but legislators have an obligation to ensure that sav-