hand the government is doing something which absolutely stultifies what it is trying to do with the right hand. The government encourages people to save, and one of the major ways of saving is life insurance; one of the major investors in residential mortgages and other types of financing is Canada's insurance companies. But the minister turns around—although his predecessor was the first to do it—and whips off the revenue. What justification is there for this? As far as I am concerned, if I have to pay $10 or $5 more per thousand for insurance as a result of this action, there is no incentive to save, and this is because of taxation. I think this provision is counterproductive and I wonder why it was included.

As far as other insurance companies in Canada are concerned, we know that they had a $200 million loss last year. That was the shortfall between damage claims paid out and premium revenues plus the earned income on prepaid premiums. One of these days the minister is going to have to look at the insurance industry to see how healthy it is, because they cannot stand those losses any more.

Mr. Saltsman: Mr. Chairman, I should like to rise in support of the question raised by the hon. member for Edmonton West, if not the answer he received. I notice the minister was sort of shaking his head.

Mr. Turner (Ottawa-Carleton): Because you come from Waterloo.

Mr. Saltsman: The hon. member for Edmonton West made an excellent point. The Minister of Finance seems to be playing a curious shell game—taking away from one group of savers and bringing another group of savers into the picture. In one clause we will be asked to consider registered retirement savings plan benefits and home ownership plan benefits. The minister's surveys must have indicated that here is another group of suckers ready to be enticed at some point. The idea is that you take away from one group that is already with you and say to another group "Look at the benefits we are giving you". The result does not increase the pool of savings, however, but merely transfers benefits from one kind of investor to another.

That is a curious policy and as far as I can see it is ineffectual. Whatever this party's feelings about mutual and life insurance companies may be, in fact they are primary investors in mortgages and, thus, housing. If we are trying to stimulate housing it makes no sense to take benefits away from that group and give them to another.

In every budget the minister points out how many hundreds of thousands of people have been removed from the tax rolls. Yet every year we have more and more people on the tax rolls. If you total the numbers of people he claims to have removed from the rolls over the last four years, it would mean that nobody in Canada would be paying any tax.

I think this is a good question, Mr. Chairman, and I would like to hear the minister give his rationale for encouraging one group to save as against another.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, I want to say to the hon. gentleman that I do not mind him wanting to go into the insurance aspect since he represents Waterloo. I am sure it is incidental that his views on that subject are different from views he expressed earlier on real estate.

● (1530)

Mr. Saltsman: On a point of order, Madam Chairman, I am sure the minister means what he says but, like many others, he sees two facts and jumps to three conclusions. There are a number of insurance companies in my riding and, although I do not think they contributed to my campaign or support me, I do represent them. Sometimes they criticize me. Let me say, however, that shortly before coming to the House I received a brief from the local real estate investors in my constituency. These constituents have a right to be represented and heard as well.

Mr. Turner (Ottawa-Carleton): Madam Chairman, I was not trying to suggest otherwise. I am glad to hear the hon. member's explanation. There is nothing wrong with representing constituents; he was elected to do just that. We are talking about reserves for losses, which have nothing to do with the rate of premiums or the costs of the companies. You decide in any business what is a legitimate reserve to put against losses, and you do it on the basis of your experience in that institution. You allow for reserves, and for the imposition of taxes on money so reserved. We are not talking about a great variation in the percentages. The amount concerned is about $2 billion. We are cutting the rate back from 1.5 per cent to 1 per cent. This is not a big deal. It does not interfere with the cost of doing business and does not affect insurance companies in this country which do not have assets of $2 billion. This affects only the six largest banks.

Mr. Stevens: Madam Chairman, does this provision deal solely with mortgage reserves?

Mr. Turner (Ottawa-Carleton): No, with total reserves of the company.

Mr. Stevens: Did the minister wish to say something?

Mr. Turner (Ottawa-Carleton): No, Madam Chairman.

Mr. Stevens: I understand that chartered banks have a second formula for calculating their reserves on general loans which are not secured by mortgages or similar types of real estate security. I am asking the minister to compare the formula governing the general lending activity of banks with the new formula which he is proposing for mortgage reserves.

Mr. Turner (Ottawa-Carleton): Madam Chairman, there is no new formula. As I indicated, we are lowering the rate from 1.5 per cent to 1 per cent, which would involve about $2 billion.

Clause, as amended agreed to.

On clause 13.

Mr. Turner (Ottawa-Carleton): Madam Chairman, I wish to move a technical amendment to this clause, which would make the applicable date after May 6, and not May 6, 1974. I move:

That clause 13 of Bill C-49 be amended by striking out line 16 on page 28 and substituting the following: