

*Adjournment Debate*

standards controlling this mineral. We must prevent as much as possible environmental contamination by asbestos, and completely prohibit the use of asbestos in the production of all food, beverage and pharmaceutical products. Steps should also be taken to stop the importation of foods, beverages, and drugs that contain asbestos fibres.

I wish to draw to Your Honour's attention a June 1977 "Canadian Consumer" article entitled "Test—Asbestos in Wine", identifying Canadian and imported wines that contained dangerous levels of asbestos fibres, and calling for the use of final membrane filters ensuring removal of any fibres from environmental sources.

**The Acting Speaker (Mr. Ethier):** Order, please.

**Mr. Paul E. McRae (Parliamentary Secretary to Minister of National Health and Welfare):** Mr. Speaker, our health protection branch is one of the best in the world. Lately we have been severely criticized for going overboard with regard to saccharin. After a couple of months the criticism died because it was found that other studies confirmed the findings we had reached. Therefore our health protection branch is to be trusted.

We looked at the CAC article. We are, of course, dealing with ingestion of chrysotile asbestos. It appears this article was based on some German studies, which in turn were based on some earlier studies done by the health protection branch itself, which studies were not conclusive—they were not extensive enough. The health protection branch has carried out further studies on a larger sample and has fairly well demonstrated that this type is not carcinogenic. We have been involved in a much larger study which is going on in the United States. It will be much more conclusive and, of course, if this study should find that this form of asbestos is carcinogenic we shall have to take appropriate steps and do so rapidly.

It should be noted that the chrysotile type of asbestos is an ubiquitous product; it is found in nature, it is found in water. It has been used effectively as a filter in the past, but a study done by the health protection branch in 1973 revealed that the soft drink industry, breweries, and the food industry in general have almost completely abandoned the use of asbestos fibres in filtration processes. We shall look carefully at the American study and should it prove that the chrysotile type of asbestos is a carcinogenic agent we shall take the necessary steps.

FINANCE—TAXING OF BENEFITS FROM LIFE INSURANCE  
POLICIES—GOVERNMENT POSITION

**Mr. F. A. Philbrook (Halton):** Mr. Speaker, the story goes that a cabinet Minister once said, "Now, gentlemen, I wish to tax your memory a bit". "Good Heavens", muttered a colleague, "why didn't we think of that before?" That is the impression many people have of government, that now, it will tax anything, that with the proposed life insurance tax it will go as far as reaching even into the grave for tax money.

Last Monday during the question period I asked the Minister of Finance (Mr. Macdonald) whether any significant meas-

[Mr. Haidasz.]

ures were being taken to allay the concern of many life insurance policy holders, as well as those of the life insurance underwriters, with respect to the proposed tax on life insurance benefits contained in the March 31 budget.

My purpose in bringing the matter to the attention of the minister was to convey to him, as the elected representative for Halton, the very real concern which exists among many of my constituents that this tax is unfair and unjust. I dare say, Mr. Speaker, that in view of the seriousness with which this issue is regarded in my riding, the minister's response was regarded as being quite unsatisfactory. I would like to take this opportunity, therefore, to spell out in greater detail the problems which this tax would present to life insurance policyholders, in the hope that this will give the parliamentary secretary a chance to offer a more complete response.

In brief outline, there are four main objections to the tax. First, the timing of the tax assessment is wrong. By levying the tax on death benefits, the government will be depriving people of money at a time when they already have so many other worries.

Second, disallowance of interest as a tax deduction on loans applied against one's insurance policy for purposes of producing income is wrong. A business loan is a business loan is a business loan, regardless of the circumstances of the transaction. If an individual can acquire a loan from his insurance company at cheaper rates than from other lending agencies, then so much the better. The loan should be accorded the same tax privilege as any other form of legitimate business borrowing.

Third, and similarly, the proposal to treat policy loans as policy "advances" and thereby tax the policy "gains" at the time of taking the loan is wrong. Such benefits derive from the advantage of purchasing an insurance policy in the first place. To levy a tax at the time the loan is needed becomes quite paradoxical.

Fourth, the rationale for applying the tax directly at the policyholder level is wrong. If it was assumed that assessing tax individually for each policy rather than applying a blanket 15 per cent on the insurers would reduce the cost to the policy holder, this ignores the fact that any proposed increase in corporation tax for the insurers will certainly negate the possibility of lower policy rates. As for anything else, would the company pass on any savings to the consumer?

In addition to those four points both the Carter taxation plan and the Benson white paper on taxation have rejected the concept of a death tax, as have almost all other countries in the world.

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Let me give the House a few examples of correspondence that I have received, like most MP's recently. On the proposed policy gains tax at time of death, first:

This is outrageous when one considers the purpose of life insurance and how it might have had to keep my family afloat if I had died—and when one considers that in the future it will be of supreme importance to my wife if I die first.