

Presence in Gallery

upon as a partisan, jaded politician", a very understandable and perceptive insight by the minister. In view of the minister's sentiments that it is unfortunate that politicians are held in such low esteem because it undermines their ability to provide leadership, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

● (1410)

That this House recommends that the Minister of Supply and Services, in view of his outstanding achievements in the field of political buck passing, be awarded the J. Btlzfkf prize named after Al Capp's cartoon character who lived under the cloud of his own ineptitude.

Mr. Speaker: Order, please.

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ELECTIONS

SUGGESTION HON. JEAN-LUC PEPIN NOT BE CANDIDATE IN NEXT ELECTION—MOTION UNDER S.O. 43

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I rise under the provisions of Standing Order 43 to raise a matter of urgent and pressing necessity arising out of concern for the integrity of the Order of Canada and more particularly for the tradition that it not be awarded to active politicians but be reserved in that field to honour those who, having made worthy contributions, have retired. In order that the House be reassured that the integrity of the order has not been breached, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the House call upon the Hon. Jean-Luc Pepin, newly appointed Companion of the Order to unequivocally state that he will not be a candidate for a Liberal nomination in any Ottawa constituency nor in any other federal constituency for the next federal election.

Some hon. Members: Oh, oh!

An hon. Member: Who is politicking?

Mr. Speaker: Order, please.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION FROM MALAYSIA

Mr. Speaker: Order, please. Before commencing the oral question period, I know all hon. members will want to join me in calling attention to the presence in our gallery of a very distinguished parliamentary delegation visiting us from Malaysia, particularly from the state of Sabah, headed by their very distinguished minister of communications and works, the Hon. Guan Sing Lim.

Some hon. Members: Hear, hear!

[Mr. Hnatyshyn.]

ORAL QUESTION PERIOD

[English]

INCOME TAX

SUGGESTED ABANDONMENT OF PROPOSAL TO TAX BENEFITS OF LIFE INSURANCE POLICIES—GOVERNMENT POSITION

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is for the Minister of Finance. In his budget message the minister announced his intention of taxing what is called the savings portion of death benefits received from life insurance policies. In Bill C-56 which will implement these proposals the minister attempted to lessen their full impact by deeming that only the portion of a savings gain which exceeds \$10,000 will be added to the income of certain beneficiaries. Considering that no modifications to tax thresholds can disguise the fact that this administration proposes to reverse the trend away from death duties and to reach into the grave to tax survivors at the worst possible time, will the minister tell the House whether he will now abandon this particularly repellent attempt to generate revenues through taxing the results of Canadians' productivity and foresight?

Hon. Donald S. Macdonald (Minister of Finance): Mr. Speaker, perhaps I might correct the hon. gentleman. He would know if he examined the Income Tax Act that in cases where income has been deferred during the lifetime of a recipient where he has had the benefit of being exempt from income tax under those circumstances, the law provides that it shall be brought in and it shall be taxed upon the event of his death. This is the case with regard to the capital gains tax as well as a registered retirement savings plan which has not yet matured, and with regard to deferred income, for example, under Canada Savings Bonds.

Under those circumstances, it seemed to us fair that people who have chosen to save by way of life insurance policies, the savings portion, as opposed to other means of savings, should be treated in exactly the same way to the extent that the instrument is the same. On this basis it is fair to observe that this will bring the taxation of that benefit into roughly the same treatment as those of other kinds. I would remind the hon. gentleman that previously the tax had been imposed upon policyholders, but at the corporate level under part XII of the Income Tax Act. It is the replacement of that tax by another tax.

Mr. Baker (Grenville-Carleton): The changes at the corporate level will require insurance companies to raise premiums, and the taxation by this government will cause hardship to widows and other beneficiaries. It is in effect a taxation reaching into the grave. The minister cannot have it two ways. Is the government considering the briefs which have been sent to it as a result of the fury this has generated in the insurance industry and the concern it has generated among the Canadian population generally, and is the government intending to change Bill C-56 over the summer? There is still some time, since the bill has been deferred.