

*Oral Questions*

[Translation]

**INCOME TAX**

## THE BUDGET—REVENUE FROM LIFE INSURANCE POLICIES

**Mr. Normand Lapointe (Beauce):** Madam Speaker, my question is directed to the hon. Minister of Finance. In recent weeks, I have received a number of complaints from constituents regarding budget provisions that affect holders of life insurance policies. Accrued income of life insurance policies is now taxable. Could the minister inform us whether he intends to modify this aspect of the budget, considering that life insurance is more a form of protection than an investment, and that most policyholders are people on low incomes?

● (1440)

[English]

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, the hon. member's question gives me the opportunity to assure him that current policyholders presently in possession of such policies are not affected at all by the tax measures in the budget. The system of accruing taxes will continue for policyholders presently in possession of such policies. This has been a misunderstanding that has been widely conveyed, namely, that somehow the tax treatment of current policyholders would be changed. That is not the intention.

I should add further that I have had consultations with representatives of the insurance industry, and certainly in my discussions with them they have acknowledged the particular effort of the budget to prevent the use of policies for tax avoidance or for tax deferrals. But they have raised the special question of the tax treatment in the future of new whole life policies. I have undertaken with them to continue the discussion, and they have undertaken to provide further information and to make further suggestions. That is the process under which I am operating at the present time.

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**ENERGY**

## DEVELOPMENT OF TAR SANDS PROJECTS IN ALBERTA

**Mr. Ian Waddell (Vancouver-Kingsway):** Madam Speaker, my question is for the Prime Minister and it involves government policy on the tar sands. In light of the fact that Canadianization seems to be at the heart of government policy on energy, and in light of the fact also that the Alberta-Ottawa agreements are at the heart of the new policy, and with respect to those agreements both Mr. Leitch for Alberta and the federal minister of energy here have said there is enough money in the agreements for the oil companies to develop the tar sands, why is the minister now negotiating with Alberta and with the oil companies to give more money to foreign-controlled oil companies to develop those tar sands?

**Right Hon. P. E. Trudeau (Prime Minister):** Madam Speaker, I do not remember the hon. member or his party supporting the energy policy of the minister, and it is obviously true that some of the corporations on the other side do not support his policy, but in the same way as he has listened to representations from members of that party he is probably now listening to representations from members of the tar sands corporations.

## REQUEST THAT ADDITIONAL FUNDS BE PROVIDED FOR CONSERVATION

**Mr. Ian Waddell (Vancouver-Kingsway):** Madam Speaker, surely the Prime Minister must understand that he is being inconsistent in policy on this matter. Let me put another question to him that is perhaps more in his realm. The fact is that these projects are now going to cost something like \$13 billion a project—\$26 billion for Cold Lake and for Alsands—by foreign controlled companies. The government has been sitting on the Energy Alternatives report for months and has done nothing about it. As a matter of government policy would the Prime Minister be prepared to put more money into and more emphasis on alternates and on conservation, especially in light of the fact that we have some evidence now that Canadians are starting to respond and conserve energy? Is he prepared to put more government money and energy into that and perhaps less into the tar sands development by foreign-controlled oil companies?

**Right Hon. P. E. Trudeau (Prime Minister):** Madam Speaker, the oil sands, as the hon. member knows, are a very important part of the reserves on which Canada's energy self-reliance will depend, and it is important that those projects proceed; it is important that they proceed on a basis that would be profitable to the Canadian consumer, making it worth while for the producers in effect to produce that oil. That is the substance of the matter.

The hon. member, as usual with his party, always has suggestions for more spending, but I can assure him that in so far as alternate energy is concerned, and in so far as conservation is concerned, this government has already made those an important part of its policies. Once again the hon. member is in the comfortable position of criticizing everything we do, always ending up by saying we do not do enough of the very thing he is criticizing.

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**THE BUDGET**

## PROVISIONS AFFECTING LIFE INSURANCE POLICIES

**Right Hon. Joe Clark (Leader of the Opposition):** Madam Speaker, my question to the Minister of Finance is supplementary to a question asked by a member of his own party. The minister announced a clear policy that involved the taxation of the accrued income on life insurance policies issued in the future. Is the minister telling the House of Commons that he is