● (1550)

Mr. Cosgrove: The Hon. Member's concern is laudable. It is interesting to note that not a single insurance company in Canada, nor any consumer group, thought that the matter should be the subject of representation; there has been none. It reflects the reality of the improvement of the way in which not only the insurance business but financial services are offered across the country. There may be regional offices, but companies have the ability, inexpensively and quickly, to deal with Canadians moving from one coast to the other.

Mr. Hawkes: Earlier today I asked the Minister and his officials if they could use the lunch hour to enable them to indicate to us how much money historically had been accumulated through annuities and life insurance and thus was available as a pool of capital to lend out to business and industry to modernize and make our country more efficient and effective. Does the Minister have those figures at this point?

Mr. Cosgrove: Mr. Chairman, I took advantage of the hour between one and two o'clock, in addition to answering telephone calls, signing letters, receiving other representations by officials and having lunch, to spend some time on the question raised by the Hon. Member. After reflection, I would again ask him to consider the area in which he is now inviting the Committee to enter. It is an area of capital markets and capital market formations, and it would be better addressed in another forum. I suggested this morning, for example, that when the Minister of Finance was before the Standing Committee on Finance, Trade and Economic Affairs later this week or next week there would be an opportunity to ask him and his officials questions in that regard.

Capital formation is not restricted to insurance or annuity policies. The subject matter before the Committee at this time is not restricted or confined to the Income Tax Act. There are many other pressures or economic forces which come to bear on the larger issue. The Minister of Finance periodically reports on long-term, larger financial and economic projections and performance. I would recommend that this question be put before another forum so that, as the Hon. Member for Winnipeg North recommended, we could spend our time more profitably on the material which is actually before us.

Mr. Hawkes: I find it incredible that we can be considering such an important piece of tax legislation without any information or data on what it will do to capital formation in the country. This industry has been a significant part of how we have put together pools of capital to enable us to build plants, develop mines and drill for oil and gas. If we are destroying or hurting that market in any significant way, it simply means that there will be fewer jobs in the future. I draw to the attention of the New Democratic Party that without the formation of capital we cannot be productive and efficient and there will be no jobs. This is part of what has gone wrong in the country.

I remember standing in the House in October, 1980 and saying that if Members supported the National Energy Program, we would drive significant billions of dollars of capital out of the country and that if we did that, we would also drive out jobs and tax revenue. I stand here some two and a half years later, and all of that has come to pass. Capital was driven out of the country and jobs disappeared; we have 1.6 million unemployed. I am afraid that these few Clauses in the tax Bill may have similar implications in the future.

Also I am very disturbed that the Minister of Finance clearly indicated to the House that they have not done their homework, that they do not have data a projection or a guess about the degree to which capital markets will be hurt by this particular piece of legislation. This hurts job creation, this hurts the productivity of the nation, and it increases deficits. I think this matter is critically important, and I hope the Government will reconsider its position.

I would like to ask the Minister a few more questions. What happens if I have a life insurance policy which matures on my sixty-fifth birthday and I want to change it into an annuity to last through my retirement? Do I have to pay tax at that point?

Mr. Cosgrove: The only exception to that case would be the one I indicated to the House in the case of disability, which obviously is not the case raised by the Hon. Member.

Mr. Hawkes: My question was: do I have to pay tax at that point? If my policy matures at age 65 and I want to change it at that point into an annuity, have I surrendered it at that stage and am I therefore eligible for tax before I move it into an annuity?

Mr. Cosgrove: Yes, Mr. Chairman.

Mr. Hawkes: What happens if I die one day before that comes about? Do I have any tax liability at that point?

Mr. Cosgrove: I assume not. If death occurs before the surrender is applied for or committed, the Hon. Member's estate merely receives the benefits from the policy without tax.

Mr. Hawkes: Is there a sense of fairness or a sense of justice in the fact that I can save a large tax bill by dying one day sooner?

Mr. Cosgrove: I do not think the Hon. Member would be concerned at that point about whether or not he has saved anything. Probably in the back of his mind was his concern for his estate, his business partners and his family, which obviously was the reason he took out the policy in the first place. The benefits from the policy would be available to the estate in that case, and it would be a very commendable action on his part.

Mr. Hawkes: Why would the Government not just let me roll it into an annuity and, as I took it out on a monthly or yearly basis, let me pay the tax at the point at which I wanted to use the money I had saved all my life? Why could the Government not let me do it that way? Why does it have to