we are looking at a large chunk of the Canadian working population.

● (1610)

Let us assume for the purposes of discussion that the table officer in front of me works for the federal Government for 35 years. At the end of that time he will be entitled to 35 years at 2 per cent. Therefore 70 per cent of his base salary will be his pension. The public pension plan system is enriched even further. It guarantees that the best five years of that 35 years will be the maximum pension payable to the person. In other words, we should not underestimate the value of that pension plan. Perhaps the President of the Treasury Board (Mr. de Cotret) will want to argue with some of the numbers, but a significant portion of Canadian workers come under the public pension plan system.

An Hon. Member: The best six years.

Mr. Frith: I stand corrected. It is not the best five years; it is the best six years. There is a large number of people who work for the federal Government and earn between $65,000 and $70,000 per year. Their pensions will be equal to 70 per cent of their best six years. In order to create the necessary pension sum somewhere in the system, we are talking about significant amounts of dollars that are all non-tax deductible.

Everyone who belonged to a defined benefits program was receiving significantly different tax assistance for their pension than those who did not have access to a defined benefits plan at their place of work. Therefore we decided as a committee to adopt the philosophy of a life-time sum for tax assisted purposes. In that way, regardless of whether one worked as a private entrepreneur, for Government or for private industry, everyone would be treated equally under the tax laws. That is why we brought in the definition of a life-time limit for the purposes of tax calculations. Because that is not well understood, many Canadians now object to the fact that the Budget of the Minister of Finance and the Lalonde Budget of February, 1984 will significantly improve access to pensions for those who work as private entrepreneurs. It should be understood that under the proposals affecting RRSPs and defined benefits plans we will all be treated equally.

I see Mr. Speaker signalling that I have two minutes within which to wind up. I do not know why that is. I thought there was a ruling by the previous occupant of the chair that we would have unlimited time. In any event, I will respect Your Honour's ruling because my colleague in the New Democratic Party, the Hon. Member for Beaches also wants to speak on this matter.

Under the proposed legislation RRSPs will be locked in, which we recommended. We also recommended the creation of a new vehicle, a registered pensions account. The problem in respect of RRSPs was that when people thought of those plans, the connotation was that that asset was in fact a deferred savings. However, under legislation, when people drew money from their RRSPs, they were forced to go to insurance companies to purchase annuities. When they purchased annuities and passed away, all the assets did not go into their estates; they went back to the insurance companies. From my experiences during the time I chaired the parliamentary task force on pension reform, many Canadians would like to have a second say with a committee of the House as to whether or not a monopoly should be given to insurance companies. I understand that it is not just insurance companies now, that some banks are allowed access under a different type of fiduciary vehicle for people to draw their moneys from RRSPs. Because we have significantly improved the size of RRSPs—we have gone from a maximum of $5,500 per year to $15,200—that problem will be magnified in years ahead if we do not deal with the monopoly situation as to from whom annuities can be purchased. I hope the committee takes its time and asks various people from the financial community to come forward with different ideas on how to use RRSPs. I also hope the Government is flexible and that the committee remembers that just because the Government has put this forward as legislation does not mean that it has to be passed as is. It is one area in which we can do a service to Canadians. I hope the Hon. Member for York-Scarborough (Mr. McCrossan) will be on that committee. It is one area in which we can become involved that could be a significant improvement to the legislation.

In conclusion, this legislation has been a long time coming. It reflects the only consensus on pension reform which has developed in the country in the last 20 years to 25 years. It is long overdue. It will receive passage this year so that it can impact on taxation year 1987. I sincerely hope that Hon. Members opposite remember my concerns in those three areas and that they take them into consideration when the matter is brought back for final reading on the floor of the House. Hopefully the improvements to the public pension plan system will reflect my concerns. Between the two pieces of legislation, it was well worth spending the time which Hon. Members opposite and I spent in 1983.

Mr. Neil Young (Beaches): Mr. Speaker, in general terms we support the proposals set out in Bill C-90. It should be understood that there are a couple of significant changes. The Bill will bring into force the pension provisions presented by the Minister of Finance (Mr. Wilson) in his May 23 Budget.

The Bill sets a minimum standard for pension plans in federally regulated industries—for example, railways, banks, broadcasting, airlines, et cetera—covering some 500,000 workers. It does not apply to federal servants whose pensions are governed by the Public Service Superannuation Act. As I understand it, the Government plans to extend comparable changes to those employees although it has not said when.

As I said, we will be supporting the Bill as it improves the situation of those with private pension plans. However, there are some problems with the legislation, specifically its lack of a provision providing mandatory inflation protection and its failure to prohibit the removal of surpluses by plan sponsors from pension funds.

The legislation does not mean that all retirees and their spouses will enjoy adequate retirement incomes, simply