

*Income Tax Act*

Tax Act an employer could contribute up to \$1,500 yearly per employee toward a registered pension plan, and the employee could contribute up to \$1,500 per year on his own behalf. In addition, an employee could contribute up to \$1,500 for each year of past service with his employer while he was not a contributor to a registered pension plan. In other words, he could pay up arrears. These scales were on the basis of the federal civil service plan. The maximum pension which could be provided for an employee was one equal to 2 per cent per year of service of an employee who worked for 35 years, and therefore at the end he could receive a pension of 70 per cent of the average of his best six years' salary.

Well, if the federal civil service pension scheme is deemed to be a fair one, and I think it is, what's wrong with it being the same way in industry? If a man works 35 years for a company—pretty well a normal working life—there is no reason why he should not be able to contribute, and his employer contribute to a registered pension plan which would give him 70 per cent of his best six years' salary. But the department has introduced a new rule which discriminates against small, closely held corporations. This rule states that pension plans established primarily for shareholders and their families will no longer be accepted for registration. But these people are still employees, and apparently this rule will be invoked regardless of their employment status with their corporations. And what is worse the department has even gone further, to indicate that previously approved plans may have to be brought into conformity with the new rules when they are amended, that is to say when the plans are amended. Even the slightest amendment to a plan will bring it under the rule, and will eliminate those plans for smaller corporations where shareholders are actually employees of the companies.

Finally, the department has stated that hundreds of plans in process now and not yet approved, but submitted to the department for registration prior to October 1, 1968, must conform with the new rule. This will affect plans for which contributions have been made in good faith for as long as two years. I would like to know why the Minister of Finance and his colleague the Minister of National Revenue (Mr. Côté) have seen fit to make this change.

It is absolutely unfair that proper pension plans which were quite acceptable under the

[Mr. Lambert (Edmonton West).]

former rules, were submitted for approval, and because there was humming and hawing for up to two years during which times the rules have been changed, they should now be said to be unacceptable for registration, despite the fact that employers and employees were making contributions to these plans all that time. Is there not a breach of faith in regard to this? Why should there be a retroactive aspect to the department's plan to deny registration of those plans submitted prior to October 1, 1968?

Secondly, Mr. Speaker, why is there the discrimination against small closely held corporations? Surely, the Minister of National Revenue, from the examination by his auditors, is quite able to say whether there has been any attempt or plan to deprive the treasury of funds to which it was legitimately entitled. Surely, those self same employees of small corporations are entitled to the same privileges as those held by the employees of large corporations and by employees in the public service? Are these citizens to be set apart just because they happen to hold shares? They might hold two shares in a private corporation and occupy a very responsible position, perhaps having started out as an office boy and worked up to become treasurer of the company. I know that the Minister of Finance is involved with his colleague the Minister of National Revenue, and since registered pension plans are subject to exemption from the payment of income tax I think this is a matter than should be dealt with at this particular time.

• (8:50 p.m.)

During the discussion of this very voluminous bill a great deal of time may be spent in getting at some of the detail. I am not suggesting this debate should last any great length of time. It is absolutely anti-climatic. As I said earlier in opening my remarks, 253 days after the delivery of the budget of October 22, 1968 we are considering a tax measure announced by the minister on that night. About a couple of months after the event we dealt with the estate tax provisions, but I do not understand why we could not have dealt with the income tax provisions at that time.

**Mr. Benson:** There was the omnibus bill.

**Mr. Lambert (Edmonton West):** Yes; the minister says we had the omnibus bill. That was one of great social moment. We relieved against gross indecency between consenting adults. That had to come in before determining the validity of the imposition of a 2 per