

*Income Tax Act*

are granted to the other group of people. In so far as the revenue is concerned, I have been told that even those who advocate the plan cannot think of one which they would regard as reasonably adequate, that would not cost the treasury of Canada at the present rates something of the order of \$60 million. Other plans are more expensive than that. However, I assure my hon. friend that the study we have been making will be continued in the hope that we may find it possible to consider favourably some of the suggestions that have been made.

With respect to the arguments that have been advanced by the hon. member for Welland, the hon. member for Kootenay West, the hon. member for Lincoln, and also the arguments so generously put forward by the hon. member for Kootenay West on behalf of his colleague from Kootenay East, may I say that I do not think there has been a real misunderstanding about the booklet issued by the Department of National Revenue. At the time the booklet was issued it was a booklet designed to cover by regulations the practice up to that time and to project for the future the regulations covering the practice of deductions by employers and employees for pension funds.

As the hon. member for Kootenay West has said, the income tax provisions have been generous—I think that is the word—so that employers could set aside money for pension plans not only for the welfare of the company in its relations with the employees but also for the welfare of the employees themselves, and since pension plans have grown in popularity and as part of the requirements of modern day union bargaining it would only be proper that the government should recognize that in its tax laws. Perhaps the committee would be interested to know that in the last taxation year for which we have figures over \$120 million was set aside by employers for pension purposes and was for that reason an expense of business and not subject to taxation. At the same time individuals set aside about \$135 million in the same manner. This indicates that something over a quarter of a billion dollars is being saved for the purpose of retirement and the like in industry today, a remarkable achievement and one which I think will be of great benefit to the economy from time to time. Therefore the government is bound to look upon these plans not only with interest but with encouragement.

In so far as the particular matter is concerned, I think we might just say that both from the standpoint of the employer and the employee there is a desire to have a pension plan that would be within the purview

[Mr. Harris.]

of the Income Tax Act, that would be of benefit to the employee as well as the employer, and that as a government we should not take any action which would prevent the normal growth of understanding between the two in the working out of pension plans which are of great variety and differ from industry to industry and within an industry. Therefore I think it would be unwise for us to lay down too rigid rules which might not be such as could be conformed to by either a union or an employer if they felt that some other form of pension plan would be more desirable.

I do, however, admit that the question of vesting of a pension is one in which I think most employees would feel they had a particular interest and, as my hon. friend has said, we have been studying this for quite some months. We have not been able to suggest anything more with respect to the pension legislation generally than what I have suggested here for the moment, but I do assure my hon. friends that we are looking forward to a general revision of the Income Tax Act in due course, and whether or not that is within the next two years we will continue to study the pension side of the act, particularly having in mind the booklet and having in mind the desire that we have to encourage employers and employees to get together on a pension plan for the benefit of the employees and the employer.

**Mrs. Fairclough:** I wonder whether the minister would say how they arrived at the figure of \$60 million. Would that be on the assumption that every self-employed person who is a taxpayer now would take full advantage of the \$1,500 exemption?

**Mr. Harris:** I have not carried the details in mind but I think it is assuming that the tax law is made available to every self-employed person and that something like about two-thirds of them take advantage of it to about the maximum.

**The Chairman:** I take it that subparagraphs 1 and 2 are completed. Subparagraph 3? Subparagraph 4?

**Mr. Harris:** I have an amendment to be moved to subparagraph 4.

**Mr. McCann:** I move:

That Bill 418, an act to amend the Income Tax Act, be amended by deleting the words "in Canada" where they appear in line 45 on page 2 thereof.

**Mrs. Fairclough:** May I just say that this is an amendment of which we heartily approve. As a matter of fact, we already had an amendment prepared along the same line, and we are very pleased that the minister has stolen a march on us and presented