

*Income Tax Act*

**Mr. Cavers:** I should like to support the proposition put forward by the hon. member for Welland earlier in this debate. In our district in recent years, pension plans of this kind have been most popular where employees and employers have, to the benefit of both entered into pension plans. Within the past month or six weeks, I have had two cases brought to my attention; one where an employee was obliged to leave his employment because of illness, as suggested by the hon. member for Welland. The employee had built up a considerable equity in his plan. It was necessary for him to waive payment of the whole of the equity that had been contributed to this plan. Then in another instance an employee had felt that he might benefit to some extent by leaving the employment of his former firm and taking a position with another establishment. In that instance he informed me that after 20 years' employment with the original firm he was obliged to forgo payment of the equity which he had built up.

I urge the minister to work out some better system of proportionate vesting of the equities of these employees. I am sure it would be very helpful to the employees and that it would meet with the approval of the unions and various industries in which these pension plans are popular. I know it would do a great deal not only to provide for a more steady employment among the employees, but the employees would feel that when they become associated with a firm they are not necessarily obliged to stay with that firm during the continuation of the plan. It would do a great deal to assist in industrial husbandry throughout the country.

**Mr. Sinclair:** I rise to speak very briefly on this issue, one reason being because of the reference made to me by the hon. member for Kootenay West, in which he referred to my interest in this matter as Minister of Fisheries. It is not as Minister of Fisheries but rather as a minister representing British Columbia and, even more important, perhaps, as the member for Coast-Capilano.

**Mr. Herridge:** I should have pointed that out.

**Mr. Sinclair:** I have been interested because my riding has one of the large mines of the nation, Britannia mines, in which before the war I worked as an employee. As a minister, of course, I made my representations on this matter privately to the Minister of Finance. However, I am rising to speak on behalf of my friend and colleague, the hon. member for Kootenay East, to whom the member for Kootenay West has very generously referred. I think members will agree that there have been few more diligent and attentive members in discussions this

session than the hon. member for Kootenay East, who has been here from the beginning of the session long ago in January. Unfortunately, for a day or two he has been back in British Columbia because of family responsibilities, but as a miner himself and as one time president of the International Union of Mine, Mill and Smelter Workers in the great mine of Kimberley, I cannot think of any issue which he has pressed more consistently and more vigorously with the Minister of Finance, and myself as minister for British Columbia, than this issue.

I am sure that the minister wants to be reminded of that fact and the responsibility he has about this apparent inconsistency between this book of instructions which the member has mentioned and the law as it stands. I should just like to remind the house, since the member is not here, that this has been one of the issues he has stressed very vigorously because his feelings in this matter are like those of the hon. member for Kootenay West.

**Mr. Fleming:** I should like to ask whether the minister will give us the information he was asked to give us earlier.

**Mr. Harris:** We might as well dispose of both points on paragraph one. The first is with respect to the deduction for income tax purposes of moneys that may be paid by the self-employed by way of annuities and the like. As the hon. members for Eglinton and St. Paul's said, not only in this debate but in the one a year ago, this is a problem which is becoming more acute, and was becoming a year ago more acute, both in the United States and in the United Kingdom, and is a matter of great study in Canada. In the meantime, as the hon. members have said, the chancellor of the exchequer in the United Kingdom has introduced a bill providing for certain deductions by the self-employed where they invest money in annuities under certain circumstances; within certain limits they may then deduct the money for income tax purposes. My understanding is that a somewhat similar plan, though different in many details, is being considered by congress.

In my case, I said a year ago it would be my intention to study not only the representations made but also the plans that might be worked out by the two other governments. I have been doing that, but unfortunately I am not yet in a position to suggest to my colleagues, and consequently to parliament, any change in the law, at least at this session.

The problem is one not only of income but, of course, of trying to balance the benefits that would accrue to the self-employed from the deduction with the benefits which