

by the Liberal government. Regardless of that fact, this budget is hurting those who were employed by CNR or VIA.

● (2220)

It was a government action which reduced the number of trains running across Canada. There was a CTC hearing in my constituency. The general feeling there was that it was a farce. There certainly was not enough time between when the briefs were presented and the decision was rendered for the commissioners to consider all the points of view that were expressed.

This is not only true in the Dauphin area. My colleague, the hon. member for Yorkton-Melville (Mr. Nystrom) has run into the same problem. My colleague, the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) said that people in Transcona talked to him about the problem the November 12 budget places on those who have been forced to retire and take an early pension because of the railway cutbacks.

In the last couple of weeks I have been approached by farmers wanting to retire early. They face the same problem as they cannot put their earnings into an RRSP or any kind of annuity. I would point out that these earnings are different from those of people with high salaries or incomes on an annual basis. These are lifetime savings.

Those who talked to me stated that they want to put this money into a retirement income. They do not want to go on welfare or be recipients of some kind of social allowance. They would rather provide for themselves.

The November 12 budget also hits the small businessman who might be forced to sell because of ill health or might wish to retire early. The government talks about equity in this budget. I submit it should designate some of these once-in-a-lifetime earnings as non-taxable.

I wish to inquire whether the Minister of Transport (Mr. Pepin) has made any representations to the Minister of Finance with regard to CNR and VIA employees. The Minister of Transport acknowledged that he received a letter from me four months ago concerning VIA and CNR employees. There has been no action. All I have received is an acknowledgement.

If a representation has been made on behalf of these employees to the Minister of Finance, I would like to know when, what representation was made and what action can be expected on this matter. The year-end is near. Decisions have to be made. I would like to know what action has been planned. This budget was introduced late in the year, on November 12. Will it be possible for some of this bulk income to be rolled over to next year? What action does the minister

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plan to take on this very serious problem for many of my constituents and those of my colleagues?

● (2225)

Mr. John Evans (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I should first like to start out by indicating to the hon. member that the Minister of Transport (Mr. Pepin) has indeed made representations to the Minister of Finance (Mr. MacEachen) on this very issue and the issue of others who are concerned about the effects of the budget or what they perceive to be the effects of the budget on the question of retiring allowances. I know the question was raised and answered previously by the Minister of State for Finance (Mr. Bussi eres) in his response to the question by the hon. member for Dauphin (Mr. Lewycky). I think the hon. member should understand that, although certain options have been closed as a result of budget proposals, notwithstanding any possible adjustments that Minister of Finance may very well introduce in the near future, it is important for members to realize a replacement has been brought forward for some of these averaging provisions in the form of the new forward averaging system which offers benefits precisely in these kinds of situations that are a cause of concern to the member for Dauphin. An individual, in some circumstances, can no longer contribute his severance payment or retiring allowance to an RRSP—that is true—those circumstances being the ones where he already has a vested pension benefit. However, he can elect to forward average any income in excess of his usual income over the past three years. The net effect is that for a typical retiring allowance, his after-tax income may be somewhat lower, but it would be in the range of \$50 per year over a ten-year period, or a loss, at most, of one or two per cent. At the same time, the person who is using the forward-averaging provision has more cash available in the year of receipt under the new system because he does not have to pay the entire amount of his retiring allowance into an RRSP. As a result, the individual can earn additional earnings on those, which will mean in most cases that the forward-averaging provision provides at least equal benefits to those benefits available from income-averaging annuity contracts in the past or from the RRSP option.

I think the hon. member should appreciate that the new forward-income averaging system merits careful attention and that its prospective benefits apparently are not yet fully understood.

The Acting Speaker (Mr. Ethier): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 10.28 the House adjourned, without question put, pursuant to Standing Order.