was specifically because of the concern about equity as between recipients of retirement pension and registered retirement savings plans that the annuity requirement was inserted in the first place. To have done otherwise would have been to give to the person the hon. member for New Westminster was talking about, the self-employed person, a benefit which the recipient, a union member of an employee pension plan, would not have been able to have. Perhaps I could refer him to that because it was in the interests of equity that the provision was put in.

With regard to the question of householders, I must say that I know the hon. member's riding and I have people in similar situations in my own riding. I have to say quite clearly that this provision is not of any assistance to retired people. It does not pretend to be, because there are other provisions in the Income Tax Act such as the exemption for people over 65 which in the year 1976 amounts to $1,307 and the $1,000 exemption for either interest or pension income which are obviously directed to the group the hon. member referred to. I think that group would agree, if we put the question to them, that they would support measures in the Income Tax Act which will enable their children to set adequate sums aside to provide for their retirement income. That is the purpose of the RRSP as, indeed, is the case with deductions for registered pension plans.

On the question of equity or equality on which the hon. member laid some stress, he really clarified the debate here. What he is talking about is equality in terms of tax money saved. What we are talking about is equality in terms of up to a certain limit—a percentage of income against which the registered retirement savings plan deductions can be taken. I suppose the real question one would have to put to them is this: Given three incomes—$7,500, $10,000 or $15,000, what is the equal amount that it would be reasonable to save throughout the whole community in relation to pension incomes? We have said: Up to a certain point, equality in percentage terms; then it drops off as the income goes up. I think the suggestion on the other side is that there should be a fixed amount of tax benefit available for people saving for retirement income. That is a different concept and it is not one I happen to agree with because it seems to me there is fairness in it up to a certain point and then, of course, it falls off again.

The hon. member set out some figures with regard to the value of these deductions on particular incomes. I am not going to accept or deny their accuracy. They illustrate that the higher you go in the income scale, the larger absolute amount of tax—the larger percentage amount of income you pay in tax. In that case, quite naturally, a deduction like this is going to save them more tax than those on lower incomes. The hon. member's figures illustrate the fact that the income tax system is structured to lighten the load at the lower end and make it progressively heavier as it goes up.

It seems to me the crux of the debate is as between equality in actual dollar amounts or percentage equality up to a certain point when that falls off as income goes up. I go back to the point I made to the hon. member for New Westminster: in percentage terms, this represents a greater value at the lower end of the income scale. In absolute dollars it does not. On the other hand, the tax burden at the upper end of the income scale is heavier.

**Mr. Brewin:** Mr. Chairman, I want to put two questions to the minister. He compared his constituency with mine, and I agree they are similar. He suggested that I have been referring to retired people. I appreciate that retired people are not included in this, but there are a lot of people in both our constituencies, in their sixties, not yet retired but who will retire soon. They do not get the full benefit of this. On the other point, he says the provision provides for equality of opportunity. I say there should be actual equality in fixed deductions.

**Mr. Macdonald (Rosedale):** In actual dollar terms?

**Mr. Brewin:** That is exactly what I am saying. I should like to suggest to the minister that that is precisely what we need if we are to have a fair system generally.

**Mr. Macdonald (Rosedale):** The hon. member is saying that as the majority of contributors have an income of under $15,000, we would have to decide at what limit we set the maximum tax benefit. Should it be $7,500? It seems to me, in our system, which is on a percentage basis, that should be subject to a certain maximum and the percentage is better. At least the hon. member has made his party's position clear.

**Mr. Stevens:** Mr. Chairman, at page 2110 of *Hansard* for last Friday there was an exchange between the minister and the hon. member for Winnipeg North Centre. I should like to put some questions to the minister arising from that exchange. From my reading of the proceedings of that day touching on clause 1 of the bill, I see that the hon. member for Winnipeg North Centre made it a particular point to comment on the government's pension plan and employee superannuation plans. As reported at the top of page 2110 of *Hansard*, the minister said:

● (1550)

> I suppose the most difficult question hon. members have had to deal with in this pension debate has been the question of the indexing of public service pensions. I am inclined to say to the critics that it seems to me that their objections fail to come to terms with a rather more fundamental issue in our community; that rather than taking away the opportunity to keep the pension in real terms to wherever the economy takes it, we should be concerned about the fact that many private plans do not have this, so that private plans being sold now will not yield in real terms what the participant is expecting. This is a matter of real concern.

The hon. member for Winnipeg North Centre said, as reported at the top of page 2111 of *Hansard:*

> —that if there is a difference between public plans and private plans, the thing to do is not to take escalation away from the public plan but to build escalation into the private plans.

My first question to the minister is this: Is the minister suggesting that somehow private plans which are now in existence or will come into existence should be indexed to take into account whatever inflationary forces the government may