

*Income Tax*

when he comes to his colleagues and asks them to exercise restraint in this difficult time.

I hope the minister will be successful in his attempts in cabinet to have his colleagues exercise restraint, which in turn will be supported by all members of the government party. This leadership by the government will set an example, I suggest, to other levels of government, and would have a worth-while effect upon our economy. It would moderate inflationary tendencies, with the secondary result of having a major influence on moderating government expenditures that are prone to inflationary tendencies.

Another aspect of the budget which has caused great concern in my part of the country is the unfortunate atmosphere of confrontation that has arisen in regard to the resource industry. I find that more and more people in western Canada are concerned over the developments that have taken place in this area. There has been a very long debate on this important issue. I certainly want to lend my voice in support of what I think is the majority point of view, and to ask the government to exercise some moderation in its approach to the issue, with a view to allowing further discussion and compromise to enter the picture, instead of taking a hard line toward resources within the boundaries of the respective provinces.

I think there is room here for discussion and compromise. It would be a very unfortunate result if hard lines were drawn on each side, both by the federal government and by the provinces. The people of western Canada to whom I have spoken about this issue are anxious that some compromise be made. I lay the blame at this point in time not upon the federal government exclusively or upon the provincial government. But there is room for compromise in the positions now being taken by the parties. That is why I hope there will be meaningful discussion and negotiation on the subject of taxation of resource industries.

I speak as a member representing a constituency in which are located some very important mining concerns. I think Saskatoon can proudly be called the potash capital of Canada, if not of the world. The people of Saskatoon, Saskatchewan and the west are concerned that the policies of the federal government relating to the taxation of resources and royalties, so far as their being allowable expenses for taxation purposes, be not viewed uncompromisingly.

I should also like to make some suggestions regarding certain other aspects of the Income Tax Act. I should like to bring to the attention of the minister the fact that certain areas of the act require serious consideration, with a view to change. There are disadvantaged people in society who need special consideration. I specifically refer to those members of our population who are deaf.

People in this unfortunate position are not given any personal exemption, as are those who are blind, or necessarily confined to bed or wheelchair throughout the entire year. It seems to me that this segment of our population requires the same consideration as those to whom I have just referred, and it is to be hoped the government will see fit in due course to place deaf people in the same cate-

[Mr. Hnatyshyn.]

gory. I hope this plea will not fall, if I may be pardoned for saying so, on deaf ears as far as the Minister of Finance is concerned.

I also note some anomalies regarding that classification of persons who are say, paraplegics or who suffer serious physical disability and who, because they are not necessarily confined to bed or a wheelchair for the whole of the year, do not fall within the category of exemptions referred to in the act. Again I suggest some special consideration be given by the minister to extending this category to include people who are demonstrably in this condition and who can provide medical proof.

I now want to turn to another aspect of taxation and tax exemption, registered retirement savings plans. Registered retirement savings plans, in my estimation, have been a worth-while endeavour. They have provided a very sound method for people who are either employed by companies or self-employed to build up a retirement fund and defer taxation on moneys over a period of time until they attain, at the latest, the age of 71, when they receive benefits in the form of a pension investment return from the amount of money accumulated over the years.

I think all members of the House are interested in trying to improve legislation if we can, and in bringing forward suggestions that improve the operation of such plans. Therefore, I would again put forward a suggestion in the hope that the minister will give it his favourable consideration. I refer to the present situation in respect of registered retirement savings plans where the option for re-investment in the time allotted under the present act and regulations restricts one to investments by way of annuity. Certainly an annuity, as has been pointed out, has a social virtue, I suppose, in providing income on retirement that is regular and secure, and an annuity can be bought on what might be called easy terms, with tax deferred money.

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On the other hand, there is what I think an iniquitous feature in the annuity concept, in that an individual must use his total accumulation of cash on a one-shot purchase regardless of the condition of the market at the time of purchase.

For example, if an annuity were purchased at a time when market conditions were not favourable, the participant who invested in this manner would find himself in a rather unfortunate position as compared to the person who purchased under better market conditions.

Therefore, with the idea of trying to improve the operation of these provisions of the act in respect of registered retirement savings plans, I would suggest that consideration be given to introducing appropriate legislation, or amendments, allowing a retired individual under a registered retirement savings plan to take his lump sum and invest the same under the auspices of a bank, a trust company or, if he deems appropriate, an insurance company, with the idea of arranging his own personal system of withdrawal. The financial institutions to which I refer