

Government Orders

withdraw it, add it to my current income and pay a high income tax rate on it.

I will not read the other paragraphs of the letter. I think you get the gist of the man's grievance.

What the man in effect is saying is that he sort of bought into a deal. He bought into a deal or a bargain. He negotiated with the government and thought he was doing it honourably. He decided that it was in his best interests to retire early, take an early pension and roll over the pension moneys into an RRSP. That was the plan.

The other party to this deal, if I can call it that, was the federal government. He finds now that the federal government, in essence, has decided to unilaterally change the deal. He will not be able to do this any more. This constituent feels aggrieved. He feels that something is just not right. I think it is an issue that the committee is going to have to look at very seriously. It is a microcosm of the larger issue, the larger issue being whether government can change some of these schemes after certain solemn promises have been made in years past.

For example, many Canadians back in the fifties and sixties were contributing to the old age pension plan. You will recall contributions to the old age pension plan came directly out of your tax payments. I think at that time Canadians thought that by paying into an old age pension plan they would get it all. They felt that was part of the bargain. It is similar to buying life insurance. If the life insurance company promises you \$1,000 a month, that is what you are going to get. The value of \$1,000 may not be as much when you finally get the money but it will be \$1,000.

I think there are Canadians who feel that something has gone wrong with the system. I think this issue in particular has to be looked at very seriously when this bill goes to the legislative committee.

Another thing I wanted to mention was the other provision which reduces the amount that can be contributed to an RRSP. Up until now it has been 20 per cent of earnings. Now that is going to be reduced to 18 per cent. Take the ordinary working person who may be making \$25,000 a year. It is going to hurt that particular worker. This is another provision of Bill C-52 which should be explored very seriously when it goes before the committee.

I hope the Conservatives listen to the chairman of the House of Commons committee very seriously when he says that he wants a detailed and comprehensive analysis. That is exactly what this bill will get because it needs it.

The Acting Speaker (Mr. Bird): Are there questions or comments? The Hon. Member for Malpeque.

Ms. Callbeck: Mr. Speaker, I have been listening with interest to the comments made by the hon. member for Winnipeg—St. James. I was particularly interested in a letter which he read into the record that he received from one of his constituents concerning the roll over of monthly pension into the RRSP. I am just wondering how widespread this problem is in Canada. I would like to ask the hon. member if he has heard from other constituents on this matter. I would like him to comment on that.

Mr. Harvard: I thank the hon. member from Malpeque for that question, Mr. Speaker. I say that because in my opinion this problem is quite widespread. I have heard from a number of constituents on this very issue.

Let me just tell you about one particular call I received from a woman who identified herself as 66 years of age, single and on pension. I do not remember how long she has been on pension, but she has had this privilege of taking the pension money and rolling it over into an RRSP. Now she cannot do that.

I asked her the question: "You are a woman of 66 already on pension, why would you want to roll your pension money over? Why would you not just want to spend it? Why would you want to put it into an RRSP which is a form of saving?" I thought her answer was quite revealing. She said: "I want to put it into an RRSP. I want to save it. I want to put it away for the future because I do not know what the future holds. I do not know whether the pension benefits I now receive will be good enough to meet the cost of living five or ten years down the road". She asked the question: "What if I live to age 80 or 85, will my pension be good enough? Will it be plentiful enough to meet the cost of living when I reach that age?" I think that is a very legitimate concern on her part.

These people do not want to go on welfare. They do not want to be a burden on anybody else. They want to stand on their own two feet. If that means that they can put a little bit of money aside now, even if it is pension money, they want to do that because there is that so-called rainy day. They want to be ready for that rainy day. I think that woman is typical of responsible Cana-