

*Government Orders*

under an RRSP unless it was amended before 1990 to provide for the transfer.

• (1710)

Those in wedded bliss at the present time might not necessarily recognize that there is a potential problem for them in the future and that in three to five years after 1990 there may be some need to look at where we are going. We have closed that door, so I am simply flagging that a bit to show that there are problems within the bill.

If we are going to keep the registered retirement savings plan bill I would suggest that the levels be lowered to make it fairer and easier for middle income and lower income Canadians to invest. We should be looking at a tax credit system instead of at a tax deduction system as we have now.

Who does that benefit? That tax credit system will benefit the poor or lower income earners, but it is not a desirable thing for those with upper incomes because in a tax deduction system they get a lot more benefit for each \$1,000 amount they invest in a registered retirement savings plan.

In 1983 the parliamentary task force on pension reform recommended the conversion of deductions to credits. It noted in that report a most important fact, that the tax benefit is worth more to those with higher incomes, which means that its effectiveness in encouraging people to save for retirement is strongest in the upper income groups and much weaker in lower and middle income groups.

We do not believe that government need concern itself with the adequacy of replacement incomes for those in the upper income groups. We believe that substituting a tax credit for the current tax deduction would serve to retarget tax incentives toward those in the lower middle income range, thereby providing the means to meet one of our major concerns regarding coverage.

It also appears that the Canadian Labour Congress, the National Council of Welfare, the Canadian Council on Social Development and the Canadian Advisory

Council on the Status of Women strongly support conversion of RRSP tax deductions to tax credits. I suggest that is something which should perhaps be looked at.

When this bill was originally brought by the government before Parliament back in 1986, it was in essence in the same form that it has been brought in this time. In an editorial on October 16, 1986 in *The Toronto Star* it is interesting to note that it was said that if the Minister of Finance had \$300 million to spend, he would do better by putting that amount in the guaranteed income supplement which tops up old age pensions for the needy. An injection of \$300 million into that program would enable the government to pay an additional \$30 a month to more than 600,000 elderly single women who have no source of income and who are now living below the poverty line.

Another point is that the Minister of Finance calls this proposed tax break a key element in the government's plan for comprehensive pension reform, but in enriching tax deductions for the wealthy he mocks the government's stated commitment to provide more for those in greatest need and at the same time has pre-empted his promise of meaningful tax reform.

I think those comments made in October, 1986 are very true. Today, in 1990, things have not changed. We still have problems within the system and there still are ways of getting around some of these problems.

I look further at the bill and I wonder to whom can we look? Who needs to be helped in this pension reform? I have talked about the needy, the poor, the middle income earners, but what I have not spoken about is women. I think it is very important to note that over the last few years there has been a continued feminization of poverty, that more and more of our population of women are falling further and further behind.

Again, when I speak of poverty and we think of a broad spectrum, in fact what I am speaking about to a great extent are women and children. With the agenda that we have seen before us over the last few years those people sink further and further into desperation.