

*Income Tax Act*

forced to buy a life annuity. We want to provide some flexibility for people who have RRSP savings.

Because RRSPs will be flowing now into RRIFs, it was necessary to establish a minimum age. Otherwise, there would have been a complete confusion. We should not make the program inoperative or more difficult. We want to help people with RRSPs to save money, in order for them to have cash to add to their retirement incomes.

**Mr. Stevens:** In the case of an individual who encounters a permanent impairment of health or other factors which force him to adjust to a limited work schedule and a reduced income, perhaps it would be logical for him to convert his RRSP into an immediate annuity payment in order to supplement his inadequate income. Such a person will not be able to do that, if this minimum 60-year requirement goes through, if in fact he is less than 60 years of age. Why cannot that flexibility be offered?

**Mr. Chrétien:** That person could achieve exactly the same purpose if he withdrew a portion of his RRSP every year. If he feels he requires \$3,000 more, because he has lost his capacity of earning at age 55, he can decide to withdraw that amount from his RRSP. Also he will pay the tax on this amount according to his level of tax at age 55. That is quite simple. He can do that whenever he wants. He is not penalized by this scheme.

● (2142)

**Mr. Stevens:** Mr. Chairman, let me put the situation to the minister in which there has been a premature death. Under the present RRSP the law is flexible, and, I would suggest, well suited to emergencies of this kind, because a surviving spouse can now roll-over the deceased's RRSP into his or her own RRSP. Will that flexibility not be lost if you put the 60-year limiting factor in, bearing in mind that on the death of a person there will be taxation on the lump sum amount?

**Mr. Chrétien:** The spouse can roll it over if desired into an RRSP of his or her own at any time. The law permits that at this moment. I do not see the problem about which the hon. member is talking.

**Mr. Huntington:** Mr. Chairman, in the twilight minutes of the session on Friday I rose on a point of order and passed a series of amendments across the floor that we on this side had prepared in respect of clause 6. The minister was courteous enough to accept them at that time. There is some reason for questioning the figures given during the budget speech, and there is obviously reason to question the figures given in the announcements by the Minister of State for Science and Technology.

In the amendments I sent over is a call for a separation of current research expenditure from capital research expenditure. I made it known to the parliamentary secretary that we personally favoured the tax credit route in respect of R and D, but in light of a potential conflict with thoughts on the government side we also sent over an amendment that would

[Mr. Chrétien.]

carry on with the 50 per cent allowance but on a separated basis, separating those firms with research accounts of \$1 million or less from those with accounts of \$1 million or more. In other words, those large firms which make up 70 per cent of R and D expenditures in Canada would be subject to incrementality, and those firms with R and D expenditure accounts of less than \$1 million would be subject to the full credit allowance.

I am wondering whether we might obtain unanimous consent to revert back to clause 6 for this consideration.

**Mr. Chrétien:** Mr. Chairman, with 30 seconds left I think it would be difficult to deal with an important amendment like that. I am sorry, but I am not the one who took up the time of the committee tonight. The time of the committee was taken up with repetition after repetition by members of the opposition. I would have liked to deal with the amendment of the hon. member who I think tomorrow or perhaps Wednesday at caucus should give hell to his colleagues for taking up the time.

**Mr. Stevens:** On a point of order, Mr. Chairman, I gave you notice of a matter I wished to raise at this time. It concerns remarks made during this committee on Friday afternoon, as they appear at pages 6504 and 6505 of *Hansard*.

**The Assistant Deputy Chairman:** Order, please. Notice has been given to Mr. Speaker during the day. Perhaps I may be allowed to quote from Beauchesne's citation 138(2) as follows:

If offensive words are spoken in committee, which are taken down, the House only, and not the committee, can take notice of them.

Therefore, being in committee, I cannot take notice of them. I might add that Mr. Speaker has been served notice of this matter and will deal with it.

**Mr. Stevens:** Mr. Chairman, when I drew Beauchesne's citation 138(2) to your attention I did so to point out that normally the committee reports the offensive words to Mr. Speaker so he can act upon them. I hope there will be no technical imperfection when I attempt to raise the matter in the House.

**The Assistant Deputy Chairman:** As I mentioned earlier, Mr. Speaker has been served notice. The remarks of the hon. member have been registered in *Hansard* and I am certain that Mr. Speaker will make a ruling tomorrow or at a later date.

[*Translation*]

Order. It being 9.45 p.m., it is my duty, pursuant to the order made on Tuesday, June 13, 1978, to interrupt the proceedings and put forthwith, without further debate or amendment, every question necessary to dispose of the committee of the whole stage of Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reduction.

Shall clause 34 carry?

**Some hon. Members:** Agreed.