

Income Tax Act

undertaking given that an appropriate regulation will be passed under subparagraph (iv) of paragraph (g) or is this whole program—a very laudable one designed to bring about a result which cannot be achieved in any other way—to be knocked on the head?

I do not know why it has been assumed that these teachers could produce, out of thin air, housing for themselves in remote areas of the constituency of the hon. member for Comox-Alberni, for instance, or of the hon. member for Skeena where normal lending agencies, including Central Mortgage and Housing Corporation, declined to lend money for the building of homes for teachers. Out of sheer necessity the teachers have formed this co-operative, and the only way in which the co-operative could get funds was to obtain them on the basis of notes provided through a registered retirement savings plan.

An hon. Member: Six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Deputy Chairman: Is the committee ready for the question?

Mr. Mahoney: Mr. Chairman, the hon. member for Edmonton West is just arriving.

Mr. Lambert (Edmonton West): Mr. Chairman, I apologize to hon. members but there is a thing called a slow elevator around this place and I took one. I think the hon. member for Kamloops-Cariboo should be talking about the particular matter about which I am going to speak because there are many teachers involved. At six o'clock I was talking about section 146(1)(g) which has to do with qualified investments under registered retirement savings plans. I was indicating that the B.C. Teachers' Federation had a supplementary pension plan whereby funds were paid into a national trust company under the trust plan and were then transferred to a credit union run by the B.C. teachers under the security of a note. These funds were then used by the borrowers, the teachers, to build homes in central and rural areas of British Columbia.

Some 1,250 teachers participate in this registered retirement savings plan in British Columbia, and there are 72 in Alberta as of July 1, 1971. The amount invested in the fund at that time was \$1,650,000. The plan is designed to enable members of the plan to designate at the time of subscribing to the plan and at annual intervals thereafter the amount to be contributed to each of the investment income sections and the equity section. Funds contributed to the investment income sections are paid over to the trustee who is free to invest in notes of the B.C. federation and co-operative association so long as the association is prepared to receive them at current rates.

Under the new section that describes what is a qualified investment the notes signed by the teachers' federation co-operative are not qualified. They will not be covered by this section unless some change in the bill is made by the

[Mr. Lambert (Edmonton West).]

government so as to include this type of investment under the heading of "qualified investment". The government can either make a specific amendment to this effect or utilize the provision contained in section 146(1)(g)(iv) which provides:

—such other investments as may be prescribed by regulations of the Governor in Council made on the recommendation of the Minister of Finance—

The plan to which I have referred provides a supplementary pension for the teachers, most of whom are within ten or 15 years of retirement and want to supplement their pensions with a savings plan. They started teaching at a time when teachers' salaries were very low and therefore the contributions to and interest in their pension plans are rather slim.

I think the teachers have done a very fine job, not only on their own behalf but also in providing credit funds for building homes and other facilities for teachers in outlying areas where no other credit facility will venture. Central Mortgage and Housing Corporation will not go to these areas, the banks will not go and the conventional insurance companies will not go. It seems to me it would be a tragedy if some rather too rigidly drawn provision—which, by the way, is an amendment to the Income Tax Act—should knock this completely on the head.

I have been talking to the solicitors representing the teachers' federation and co-operative, and they have not been able to devise any other way whereby the form of security is one that would qualify under the presently enumerated paragraphs of section 146(1)(g). Therefore I make this plea to the parliamentary secretary, and through him to the minister, that since the teachers' federation have presented their case to the government, the government should be able to decide now whether this will be allowed to go forward.

I also want to make reference to section 146(2) which deals with the acceptance by the minister of registered retirement savings plans. It seems to me that in the past an almost scandalous situation has existed whereby the Minister of National Revenue and his officials have held plans in abeyance for a long time. I want to know whether this situation has now been cleared up and, if so, under what conditions. Or am I confusing this with some other type of plan?

Mr. Mahoney: Pension plans.

Mr. Lambert (Edmonton West): Then that is fine; I shall withdraw my comments in that regard. But what I am concerned about is this: In the case of non-acceptance by the minister, what recourse does an individual have? Does he have any appeal if certain steps are taken? Surely it would not be to the Tax Review Board—but would an appeal lie to the Federal Court? Perhaps the parliamentary secretary would consult his officials, who have much more detailed knowledge of this legislation, and tell us what is the situation. After all, subsection (2) provides:

The minister shall not accept for registration for the purposes of this act any retirement savings plan unless, in his opinion—

• (8:10 p.m.)

This is great, because it is tied to the opinion of the minister and his ability to exercise discretion as to adherence and compliance with certain requirements laid out in