readjustment, if provincial revenue loss is to be avoided, entirely on to the provinces.

All these factors require co-ordination of federal and provincial tax policies and make an assessment of the economic impact of the proposed legislation difficult. At the same time, we are concerned that the intention of the Ontario government to give tax credits for provincial sales tax and municipal taxes and not to provide the 15 per cent additional capital cost allowance introduced by the federal government in its December, 1970, budget, are indicative of a trend towards separate provincial tax administrations and policies. Such a trend is, we think, most undesirable and we urge the federal government to co-ordinate tax policy and administration with the provinces.

That is basically the point I wish to make, that the government has failed to take into account co-ordination and simplicity of administration of a major tax act in co-operation with the provinces. There is one further point I wish to refer to but I can defer that until another occasion because I have just about reached the time allotted to me.

Some hon. Members: Carry on.

Mr. Lambert (Edmonton West): I will make just one point if I have the permission of hon. members. It is in reference to a particular clause.

The Deputy Chairman: Order, please. It might be preferable to clarify the situation. It seems that hon. members are agreeable to allowing the hon. member to complete his remarks. Is this agreed?

Some hon. Members: Agreed.

Mr. Lambert (Edmonton West): Thank you, Mr. Chairman, and through you I thank members of the committee. I think the parliamentary secretary has an idea of what I wish to say. I want to highlight one of the difficulties that has arisen in trying to close the door to a tax haven through clause 146(1)(g) dealing with the type of investments that may be permitted in retirement savings trust funds. We know that in the past it was wide open and that terrible abuses could be created—in fact, almost by individuals walking down the street into a trust company, entering into a trust agreement to deposit $2,500, then turning around, cross-borrowing and each walking out with $2,500. We have heard of trust funds set up for the benefit of race horses and to maintain professional equipment for a doctor or a dentist. All of this was possible for those who were ingenious enough to go and do it, and it benefited them in a way that should not have been so.

In his attempts to close the door, the Minister of Finance has gone too far. His proposal will effectively wipe out the method whereby organizations such as the B.C. Teachers Federation set up a supplementary retirement savings plan. This applies to other groups of individuals as well. I know of one group in the province of Alberta which set up a co-operative retirement savings fund plan where all the funds are not channelled to their personal benefit but, by reason of being an investment co-operative on a pro rata share basis, in a period of three years they have been able to put $600,000 into housing construction, particularly where the conventional sources of lending do not normally go. Where banks, insurance companies and even CMHC refuse to go, these people are prepared to put up money—perhaps at a slightly higher rate of interest—and in so doing they fulfil a social need.

It was the same way with the B.C. Teachers Federation retirement savings plan under which designated portions of these supplementary savings plans are turned over to a trustee, who then advances the money against notes of an affiliated credit union, which then turns around and invests the money in housing for teachers. The whole system has grown up in the period since 1951 to the point where their assets now exceed $37 million.

One of the main features about it is that the funds have been able to provide housing for teachers in outlying places. Teachers have been able to get credit facilities. This extends throughout British Columbia, and now the regulations have been changed so that the plan will cover teachers from the province of Alberta, in particular teachers who may have about ten years service to go and whose original retirement plans were predicated on much lower salaries. Now that they have much higher salaries they are able to divert savings into supplementary pension plans.

If the bill as now designed will not permit these notes from the credit union to be an acceptable form of investment for the retirement savings plan, unless the minister is able to assure us that under the regulations they can be designated as an appropriate investment the whole plan is in complete jeopardy. I would make a special plea to the minister, through his parliamentary secretary, to consider the representations that have been made so that this very worth-while plan will not be scuppered because it was caught in a net that was cast much wider than had been anticipated. Again, Mr. Chairman, thank hon. members for giving me extra time to put that point on record.

Mr. Cullen: Mr. Chairman, it was interesting to hear some of the comments made by the hon. member for Edmonton West, who seemed to suggest that there was a lack of knowledge about this bill on the part of members on this side of the chamber. I would suggest to the hon. member that he is incorrect in this assumption and that some of the better ideas and recommendations have in fact come from the government benches.

(8:30 p.m.)

I would not expect that each individual member of this party would be as well versed on each and every clause of the bill as the hon. member for Edmonton West, because he has a particular responsibility in this field. It seems to me, however, that he is carrying the weight of the world on his shoulders and might take a lesson from this party. He should do some organizing and get some people to speak on the subject of credit unions and on other subjects, rather than feel he has to cover each individual subject himself.

The hon. member states that changes have been made to this bill. I would be the first to concede that and to welcome it. I would think further changes will in fact be made because the government has indicated it is not rigid, is not inflexible and is prepared to listen and to make changes where changes are warranted.

Some hon. Members: Oh, oh!