

Government Orders

distinguish him from other former leaders from both the Conservative and Liberal sides of the House.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. On debate, the hon. member for Willowdale.

Mr. Jim Peterson (Willowdale): Mr. Speaker and colleagues, let us have no illusion about what this bill is about. It is a tax bill to help the rich.

This bill means if you have an income of over \$86,000 a year you will be able to deduct from your income in any one year \$15,500. That is a saving to you as a taxpayer of about \$7,000 to \$8,000, depending on the tax bracket you are in.

Now, does this bill benefit the poor? Mr. Speaker, patently it does not. A person who is earning \$25,000 a year today can deduct up to 20 per cent of their income or \$5,000. They do not get a big tax saving. It is not 50 per cent because they are not in a 50 per cent bracket. Under this bill their deduction would be cut back to \$4,500. They would be able to contribute less on a tax-free basis or a tax deductible basis to their pension plans than they can today. That is one way in which the rich are benefiting immensely and the poor are being cut back by this particular bill.

If people such as those to my left in the NDP look on this bill as a panacea to pension reform, or if any member of this House believes that this bill is an attempt at pension reform, lest any Canadian think that this is an attempt at pension reform, this bill does not meet any of the criteria set out by Mr. Douglas Frith in a 1983 task force report on pension reform. It does nothing for portability of pensions. It contributes very little to the indexing of pensions. It does nothing about the 93 per cent of the private sector pension plans which do not have indexing provisions. It does nothing about home-makers' pensions.

We know there are many Canadians who have to stay at home either to look after a spouse, a child who is under 18, or a relative who is disabled or ill. There is nothing in this bill which allows contributions toward a pension plan for that person who has to stay home to look after these relatives or family members.

What is so anomalous in this bill is the government's attitude toward retirement income for Canada's seniors. We know that one-sixth of Canadians live below the

poverty level. The first biggest group living in poverty is children and the second biggest is single senior citizens.

How do we go about encouraging Canadians to provide for their own retirement during their working productive years, if they have sufficient incomes to set aside any money for savings at all? In other words, they are above the level of the working poor. How do we encourage these Canadians through the private sector system of pensions to set aside enough money so that they can provide for their own retirement without depending on the public purse?

Let me tell you what this government is proposing with this bill. If, for four years consecutively, persons earning the \$86,000 put aside the \$15,500 at a 10 per cent interest rate, which is fair today, and did nothing more with that money, in 30 years they would have \$1 million to retire on. If instead of doing it for four years they did it for eight years, that person would be able to retire and have the income from \$1 million worth of capital in about 25 years' time. For such persons to become millionaires, it does not even require that they put away for more than four or eight years, and one can take the combinations down from there.

That is fine for the rich. What is it doing for middle and low income families? It is not helping them. It is working against them. What is also anomalous is if you do save during your working productive years, if you do have enough money to put aside for your retirement, if you scrimp and save and do not take vacations or buy luxuries, if you do not consume your income but you put it away and save, you are frugal, parsimonious or prudent, this government is saying to you the moment your income hits \$50,000 this year or about \$35,000 in the year 2000, it is going to take away your pension under the old age security. It is going to take away your entitlement. In other words, this government is saying: "Don't bother saving, spend it now, because if you save, we'll get it back from you".

• (1850)

This is in addition to the fact that in terms of hitting the poor, we have seen a consistency on the other side of the House. We have seen cut-backs in unemployment insurance, cut-backs in the time that a person is entitled to payment for UI, an increase in the time that they have to work in order to become eligible. We have seen them taking some \$2 billion of government contributions out of unemployment insurance and imposing this burden on