Mr. Mahoney: Mr. Chairman, the particular question regarding the Simpsons-Sears plan actually arises under section 147. However, I suppose it is appropriate to deal with both of them at the same time because the registered retirement savings plan is very similar in scope. The general rules for these plans have not been changed but the contribution limits have been increased. Rules are added to govern the investments that may be made by the trust, and so on. We were talking about one of those rules when dealing with subsection (9). Also, the present special tax treatment for a return of contributions on death is cancelled.

The definitions in this subsection are the same as in the present subsection 79B(1) except that definitions have been added for non-qualified investments and qualified investments. We will get to them when we reach section 204 in this group of sections. Trusts for plans in existence will not be required to dispose of non-qualified investments that they now hold. The non-qualified investments are defined in paragraph (1)(e) of section 146 as property acquired by the trust after 1971.

Transitional clause 61 in part III of the bill, at page 695, provides that property acquired after June 18, 1971, and before January 1, 1972, be deemed to have been acquired by the trust on January 1, 1972. Only investments by trusts for retirement savings plans come under the new rules. It is possible to have a non-trustee plan in such a case when dealing with a licensed annuity company, an endowment insurance policy or something of that nature which as long as it is issued by a corporation approved by the governor in council as a seller of investment contracts. That type of non-trustee plan is not subject to this particular problem.

The complaint of Simpsons-Sears and similar organizations concerning deferred profit-sharing plans under section 147 relates to the taxation of lump sum withdrawals. The old formula for taxing such a lump sum was contained in section 36. That was one of the special averaging positions that the hon. member for Edmonton West was discussing a few moments ago. That is replaced in the new bill by the general averaging provision which the committee has just adopted.

• (5:50 p.m.)

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, my question to the parliamentary secretary is one in the course of which I shall ask him about certain relationships. For example, we have on the federal statute books the Pension Benefits Standards Act and there are similar pieces of legislation on the statute books of some of the provinces. I believe most of these statutes run more or less parallel. I should like to know whether the requirements laid down in this section with respect to registered retirement savings plans meet the conditions spelled out in the statutes to which I have referred.

At the same time, could the parliamentary secretary tell us what the relationship is between this statute and the Blue Book—at least it used to be called that. I think the colour has changed, and instead of its being put out by the Department of National Revenue it is now put out by the Department of Insurance. In other words, this is a question about relationships. Do these things all hang together?

Mr. Mahoney: Do I understand the hon. member to be referring to the investment discretion left to a trustee under the Pension Benefits Standards Act or are we talking about vesting provisions and various other items which require that a pension be fully vested within a limited period?

Mr. Knowles (Winnipeg North Centre): I am directing my question to the general requirements in the Pension Benefits Standards Act. It is in relation not to any specific subsection but to the whole of section 146.

Mr. Mahoney: The registered retirement savings plan is, of course, a man's own pension plan. It is fully vested. The money which goes into it is his own. Thus, the provision in the Pension Benefits Standards Act which requires employers' contributions to be vested in certain minimum periods of time does not apply. There are no provisions in this bill which would be parallel to the type of provision to which the hon. member has referred.

Mr. Knowles (Winnipeg North Centre): In other words, it is correct to say we have now reached a stage at which control over pension plans generally is not through the medium of the Income Tax Act but more directly through the Pension Benefits Standards Act and similar legislation in the provinces?

Mr. Mahoney: That is correct. Of course, the Pension Benefits Standards Act applies only to those to whom the Canada Labour Code applies. I suppose most of the other 95 per cent of employees in Canada are affected by the provincial legislation which I understand to be uniform throughout the country.

Mr. Knowles (Winnipeg North Centre): And this bill applies to all taxpayers.

Mr. Mahoney: That is correct.

Mr. Lambert (Edmonton West): I have a number of questions to ask with regard to this section, which is a lengthy one and extremely complex; as a matter of fact, it covers some ten pages of the text of this bill. I think I shall approach them seriatim from subsection (1) onwards.

Mr. Knowles (Winnipeg North Centre): Why not call it six o'clock?

Mr. Lambert (Edmonton West): May I first refer to subsection (1)(g). What is a qualified investment? The parliamentary secretary, at my request, met with a delegation from the British Columbia Teachers' Federation who put forward a brief on behalf of members of the federation and members of the Alberta Teachers' Federation who participate in a registered retirement savings plan covering some 3,500 members. The funds are invested in a credit union which then lends the money to teachers in remote areas of British Columbia to provide them with housing accommodation and certain other amenities. There is a considerable fund of money invested in these particular notes and this is the only way in which the result I have mentioned can be achieved. Actually, such credit union notes do not qualify for acceptance under the definition of what is known as a qualified investment.

I want to know what consideration has been given to the proposal put forward by the teachers. Is there to be any