

Income Tax Act

still valid. I was impressed, also, by a letter I have received from a doctor practising in Ontario who after hearing the proposal of the Minister of Finance in this respect pointed out that the actual cost to the taxpayer for Blue Cross insurance in Ontario under the former scheme was not much less than a person is now required to pay under the new set-up in Ontario. He also points out that inasmuch as the important province of Quebec is not participating in this hospitalization scheme the taxpayer had an opportunity of having a recognized insurance agency, the Blue Cross or whatever it may be, as his authorized agent for the purpose of presenting accounts to the Minister of National Revenue when income tax time comes around as a proper deduction if the over-all expenditure is more than 3 per cent of taxable income. I repeat that if we eliminate hospital expenses, as the minister is proposing, everything else in this bill is completely meaningless as long as you have this so-called 3 per cent restriction or floor with respect to untoward expenses resulting from illness.

Mr. McMillan: Would the minister comment on the discriminatory aspects of this clause?

Mr. Fleming (Eglinton): They were commented on fully in the discussion which took place in this house on May 4. I can refer the hon. member to pages 3290-3297 of *Hansard* where this matter was threshed over thoroughly. There is no discrimination here. The method we have chosen is the only one that does prevent discrimination.

Mr. Pickersgill: The minister just repeats and repeats that there is no discrimination. He never attempts to meet the argument that a person who pays a private premium and has a hospital bill can deduct it and a person who pays a public premium and has a hospital bill cannot, and if that is not discrimination it is very difficult for anyone to say what discrimination could be.

Mr. Fleming (Eglinton): Premiums were never deductible, Mr. Chairman.

Mr. Pickersgill: I never said that. I referred to hospital bills. The minister should listen to others occasionally.

Mr. Fleming (Eglinton): I have outlined the basis of deduction under this law. Any other basis would mean creating discriminations because of the fact that there is the widest variety across this country in the methods by which provinces collect the provincial share of the cost of the hospital and diagnostic services provisions. We had also to take account, as I pointed out in the budget speech, of any province which does not enter into this scheme at all.

I put the fundamental question, as I have on previous occasions. Here it is costing the federal treasury something like \$160 million this year to provide the federal share of this hospital insurance cost. When that federal share of the cost of this scheme is being completely underwritten by the treasury, surely in order to avoid the discrimination which would otherwise result we ought to proceed as we are doing here to make provision that the bills that are paid pursuant to the provisions of this Hospital Insurance and Diagnostic Services Act should not themselves be deductible. They will have been paid out of the treasury. As against the \$160 million which is being provided out of the treasury this year, what this means in terms of reduction of exemptions to individual taxpayers, as I pointed out before, is \$3 million in the course of the present fiscal year or \$9 million in a full year.

Mr. Hellyer: Mr. Chairman, I wonder if the minister would consider making that part of the hospital bill which is paid by private premium deductible?

Mr. Fleming (Eglinton): Mr. Chairman, again we were over this ground on May 4. Whatever is payable by premium under a private insurance scheme will as heretofore be deductible to the extent to which hospital costs are paid. In that way we are not taking anything away from anyone in that respect. We are simply saying that where hospital costs are being paid under this scheme—this Hospital Insurance and Diagnostic Services Act to which the federal treasury has contributed—hospital bills paid in that way are not eligible to be treated as medical expenses under the act.

Mr. Hellyer: Mr. Chairman, the minister is not thinking as clearly tonight as he sometimes does. He just said he is not taking anything away and yet that is precisely what he is doing. He is allowing private premiums, he says, and yet in Ontario part of the ward care hospitalization is being paid for by private premium and he is allowing no deductions in respect of that private premium. How does he reconcile that with what he has just said?

Mr. Fleming (Eglinton): Mr. Chairman, I am afraid the hon. member has not put the proper interpretation on the word "private" in this instance.

Mr. Hellyer: I was using the minister's interpretation.

Mr. Fleming (Eglinton): No, you were not.

Mr. Benidickson: Mr. Chairman, my point was that the expense to the taxpayer in the province to which I belong seemingly is no