

*Income Tax Act*

that means a system of double deductions, and I do not think that is what the hon. member intended.

**Mr. Trainor:** Will the hon. member permit an interruption? Nothing in the resolution or in the amendment makes any such assertion. It gives the option of one or the other, not both.

**Mr. Carter:** Mr. Speaker, when there is an option included in the Income Tax Act it is specified in certain ways by using the words, "whichever is the greater", or "whichever is the lesser" as is desired. It is quite possible that a person may be worse off by including his deductions than he would be if he just took advantage of his present deductions under the Income Tax Act.

**Mr. Trainor:** Could you not leave it to the judgment of the individual taxpayer as to whether he is better or worse off?

**Mr. Carter:** If the hon. member intended that, there would have been no harm in his putting in his resolution the words "whichever is the greater". There is no law to prevent him from including those words in the resolution or in the amendment.

The idea of including in the deductions the premiums paid for a health insurance plan is not altogether sound. I will explain why. A few days ago I was talking to a friend of mine, and we were discussing medical expenses. My friend referred to an illness which one of our mutual friends had suffered. In relating the story to me he made a statement which really startled me. He said, "You know, our friend made about \$1,000 out of that sickness?" That struck me as being rather strange. I said, "How on earth could a person make \$1,000 out of being sick?" He said: "He had at least two, and perhaps three, insurance schemes. The amount he received from one of those schemes was just about enough to cover all his expenses, and the income from the other two plans amounted to \$1,000." If we carry this resolution as introduced by the hon. member today we will actually be exempting the person from income tax on income he makes, and thereby increasing his actual income.

**Mr. Nickle:** How many Canadians are there who would be paying for more than one health insurance policy?

**Mr. Carter:** I really do not know, but there are a good many. I am paying for three.

**Mr. Knowles:** Many do not have even one.

**Mr. Carter:** I know a good many who are paying for two.

**Mr. Nickle:** You are a capitalist. It is like a life insurance policy. If there are more than one, your estate may collect on more than one, but you are not going to benefit.

**Mr. Carter:** No. There are many life insurance plans which you can take out today which will pay no matter what you receive in other benefits. There are many of those, and I happen to have one of them at the present time. In addition to that, Mr. Speaker, there are other plans of health insurance which pay actual income. They pay \$25, \$50 or even up to \$100 a week while you are sick. I do not think it is the intention of this house to exempt any person from paying income tax on actual income.

In the course of his speech introducing the resolution the hon. member for Winnipeg South emphasized the point that this would benefit the small taxpayer. He said that the greatest number of taxpayers in Canada are in the \$5,000 to \$6,000 group. I am not going to quarrel with my hon. friend's statement, but I mention it only to point out that there is also another large group who do not pay income tax at all.

**Mr. Knowles:** How many health insurance policies have they?

**Mr. Carter:** I do not know. Some of them have health insurance schemes under provincial governments. That is so in my own province, where there is quite a good health insurance scheme at a fairly small premium. I do not know how perfect the plans are in other provinces, but I think that foremost in our minds should be those who pay no income tax at all. Even though the burden may be great on the \$5,000 to \$6,000 group, the burden on those under \$5,000 and those under \$3,000 is infinitely greater. If we are to carry out our policy toward them I think we cannot do much better than we are doing at the present time in providing an exemption for expenses in excess of 3 per cent of income.

The hon. member for Vancouver South and the hon. member for Victoria (B.C.) have also pointed out that the alternative of including in your exemptions taxes paid to a provincial government is the equivalent of placing the federal government in the position of financing provincial insurance schemes. I agree with the hon. member for Vancouver South that this is a very poor alternative and not a very wise one.

**Mr. W. G. Blair (Lanark):** Mr. Speaker, I rise to support the motion of the hon. member for Winnipeg South and in my opening remarks I should like to draw attention to what seems to have been missed by the house, namely the words "at his option". It is clear that a man might pay \$50 on a health