

Income Tax Act

other field. I quote the next passage in the light of that fact.

If a Canadian company wishes to engage in the health insurance business it must establish a separate fund with separate assets and it has only a very limited privilege of transferring capital to this separate fund from its life fund. This restrictive legislation makes it awkward for a Canadian life insurance company to administer health insurance business in conjunction with its general life insurance affairs. As well as this, since the separate fund must stand on its own feet, the general resources of the company are not available either to finance the expansion of health insurance business or to guarantee the fulfilment of health insurance contracts except by the transfer of further capital to the separate fund.

This situation is particularly unsatisfactory in the case of a mutual life insurance company like our own. The transfer of \$100,000 with which we established our separate group health fund, represented the statutory upper limit of capital which we can provide for our health insurance business. As a consequence we are forced to conduct this business in a strait-jacket—as if we were a newly organized and very small company. We must be extremely careful to make sure that we do not expand too rapidly and that the business which we transact does not involve significant loss. It seems to us that the legislation as it now stands is preventing our company and others in like circumstances from acting in a manner which we feel would be conducive to the best interests of you as policy owners and of the communities in which you live.

Then he says:

May I express the hope that the recently enunciated American attitude of encouragement of voluntary health insurance may find its counterpart within the councils of our own government, and that in consequence the Canadian life insurance companies may be allowed to take their proper share in the difficult task of making voluntary health insurance a satisfying answer to the problem of financing medical care costs.

I have read that at some length, Mr. Speaker, because it seems to me relevant. I am glad the minister has been here and has been listening, because the point which is raised by Mr. Anderson is very important. The fact that the department has a different view indicates that experts may differ, but it seems to me that the argument made by Mr. Anderson is worthy of consideration, and I hope it will have further consideration.

Recapitulating what he has said, therefore, which is that he feels we might go further along the same lines as the United States has gone and give a greater incentive to people to look after themselves in the way of individual health insurance, I repeat that I am prepared to vote for the resolution as amended.

Mr. C. W. Carter (Burin-Burgeo): When I read this resolution, Mr. Speaker, I came across the same difficulty of wording as that described by the hon. member for Winnipeg North Centre (Mr. Knowles). When one comes across the word "either" included in a resolution, it generally indicates that there

[Mr. Macdonnell.]

are two alternatives, one or the other. This resolution had three alternatives.

I thought perhaps the hon. member for Winnipeg South wished to convey the idea in this resolution that the Income Tax Act be amended to provide that the taxpayer shall, at his option, be entitled to deduct from his taxable income, in addition to his medical expenses as now determined, that is in addition to the excess over 3 per cent, either the premiums paid by him for insurance against sickness or accident or both, or the specific provincial tax paid by him under any provincial scheme of health insurance.

I believe we all agree with what the hon. member for Greenwood (Mr. Macdonnell) has said, that even if we cannot accept this resolution we can all sympathize with the spirit which prompted it at this time. The hon. member for Winnipeg North Centre has introduced an amendment to this motion by way of clarification. I must confess that personally it does not clarify it very much. If I understand what the amendment means—and I must say that the hon. member read it rather quickly and I was unable to follow it closely while he was reading it, and I have not had an opportunity to study it since—a person, under this resolution, would be entitled to include in his deductions all his medical expenses; that is, doctors' bills, hospital bills, and so forth, and all the premiums he might pay under any hospitalization plan, and any provincial tax he might pay under any provincial scheme of health insurance.

We all know, Mr. Speaker, that there has been a good deal of talk about a national health insurance plan. I think we are all looking forward to the day when such a plan will be introduced. But we all know that such a plan will cost money. In fact it has been estimated that in its initial stages it will cost at least \$180 million a year. Much as we would like to see an income tax reduction, in the face of such expenditure on health insurance it hardly seems possible that we can expect to have both; that is, to have a national health plan costing \$180 million and at the same time have our medical expenses included in our deductions under the Income Tax Act.

In introducing his resolution the hon. member for Winnipeg South emphasized the point that premiums paid on insurance plans are premiums paid in advance, and that would justify having them included in income tax deductions. But if we include those premiums in our deductions when we pay them, and include them again when we incur them, then