

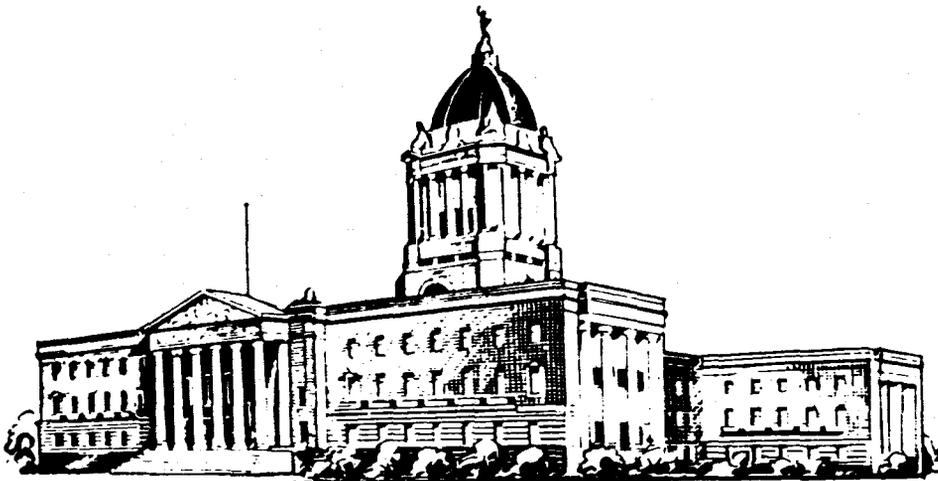


Legislative Assembly of Manitoba

**DEBATES**  
and  
**PROCEEDINGS**

Speaker

The Honourable Ben Hanuschak



Vol. XVII No. 72 8:00 p.m., Monday, May 11th, 1970. Second Session, 29th Legislature.

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8:00 o'clock, Monday, May 11, 1970

BUDGET DEBATE

Mr. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I was almost at the end of my remarks. I only have a couple of more points and perhaps I could recapitulate the references I made in respect to the Budget which I felt had nothing for municipalities in the way of financial aid; it had nothing for the property owners; it had nothing for the senior citizens. I believe it should have had much more; it could have done much more in the way of student employment. So these were just a few things.

The other point that I wanted to make was the climate that we create in this province is most important for economic development because it's the industry that pays taxes; it's the industry that pays property taxes, sales tax, income tax fees and a host of other taxes including income tax; and if we are able to provide services for the many people that we want to do, the many things that we have to do, it will have to be economic development in this province that will have to share a lot of these costs, because at the present time the present corporation tax is as high as we can probably have it and the personal tax is as high as it can possibly be if we are going to keep some of our people in this province. Otherwise, they can move to some other parts of Canada and feel that they won't pay as high a tax.

The point that I wish to make after listening just yesterday to the House Leader, the Minister of Mines and Natural Resources - and I just thought of this remark that he made and I will not continue in my remarks here on auto insurance - but he mentioned that the reason he felt a Crown monopoly type auto insurance should handle all the insurance instead of just heading up a Crown corporation to compete with the private agencies, and he said the reason for that was because it may be that government will get the bad risks and the industry, the private sector, will get the good risks. This is an argument that does not hold because really if the government is competitive, if the government is prepared to give service, then naturally they should get the good risks and the bad, because any person with any common sense feels that he can get something more reasonable and less expensive, well that's where he's going to purchase it. All the consumers are the same; they're going to buy where it's more reasonable. I'm sure the argument doesn't hold water at all, what the House Leader said the other day, that he'd have to have all the business in order to make it competitive. I can't understand why he doesn't like competition because I can't understand why he doesn't give people the freedom of choice.

These are some of the things that I feel should be done. I have no argument with the government going into the operation of this business. I believe that there should be a proper audit, that all costs are proportioned to that Crown corporation, and I'm sure both the private sector and the government Crown corporation will find room and a place in the community to do business. Because it doesn't hold water to say that because of CNR or CPR that there's only room for one operation. There is room. And I think both of them are giving better services because of the other, because there is this competition. Is it not true the same thing applies to C. P. Air and Air Canada? Is it not true that the competition probably helps this industry instead of if you have only one. I think the same thing could be said for government Crown monopoly. I think there is room for the private sector; I think there is room for the government Crown corporation; and I'm sure there's enough and they can compete on the basis -- and if the government is more reasonable, fine, I'll have no argument. But let the competition take its natural course.

So -- (Interjection) -- I don't think it's -- there's many arguments that you're going to use. You're going to say well what about Saskatchewan? But the argument is that Saskatchewan automobile insurance came into effect in 1946. How many cars was there on the roads or on the street? Very few. How many people carried insurance? Almost none. How many agents or businesses were there in operation? Almost none. It's a different situation in Manitoba today. You have 1,100 businesses. It's a completely different . . .

MR. PAULLEY: Would my honourable friend permit a question?

MR. PATRICK: I will as soon as I'm finished, I'm almost finished.

MR. PAULLEY: Don't stop. Don't stop. It's most interesting what you're saying.

MR. PATRICK: Is it? Okay, I'll permit a question.

MR. PAULLEY: My honourable friend, Mr. Speaker, referred to a comparison between

(MR. PAULLEY cont'd.) . . . . . 1946 and the present time, 1946 of course being the time when that progressive government was in power in Saskatchewan, namely the old CCF Government. Now I wonder if my honourable friend would compare the situation prevailing today in Manitoba on a comparison basis with that of '46 insofar as the introduction of automobile insurance is concerned with the situation that is now prevailing in Saskatchewan under a Liberal free enterprise, anti-socialist government?

MR. PATRICK: It is very simple to compare that.

MR. PAULLEY: I want the answer from one of the members opposite, but not two of them.

MR. PATRICK: It is very simple, Mr. Speaker. The thing that I was trying to demonstrate here, in 1946 the government when they went into operation they displaced no one. Very few cars were on the road and hardly anyone carried insurance in 1946 -- (Interjection) -- right after the war, and there were very few agencies in the business, very few agents. But the point today that Premier Thatcher has said, as far as the cost saving factor it's very very marginal, but he's not going to displace five or six hundred people and throw them out of employment. This is the consideration. I understand in the government's -- or in the Saskatchewan Government's insurance, between five and six hundred, somewhere in there. -- (Interjection) -- That's right. Does that answer your question? I think it does.

MR. PAULLEY: Mr. Speaker, I'd like to ask my honourable friend another question in respect to automobile insurance as it now prevails in Saskatchewan by comparison. He hasn't answered the question I posed to my honourable friend insofar as the comparison of 1946 and today. My honourable friend did mention something that the Premier of Saskatchewan has suggested that he doesn't want to displace five or six hundred agents in the Province of Saskatchewan. -- (Interjection) -- Just a minute. I don't know if the Honourable Member for Portage is answering on behalf of the Honourable Member for Assiniboia, and I would suggest that the Honourable Member for Assiniboia may be more conversant with the situation than the Member for Portage la Prairie. What is the question?

MR. GORDON JOHNSTON (Leader of the Liberal Party) (Portage la Prairie): Mr. Speaker, I don't like misinterpretation by anyone.

MR. PAULLEY: No, of course not. The question to my honourable friend is how does he justify the comparison between the five and six hundred referred to by himself insofar as Saskatchewan with upwards of 2,000 or more in the Province of Manitoba?

MR. PATRICK: Mr. Speaker, you're talking -- or, Mr. Speaker, through you, the Honourable Minister mentioned about 2,000 in Manitoba. I don't know what he's referring to either, agents or employees. What I was referring to, between five and six hundred employees or civil servants in the Saskatchewan Government Insurance office; that's what I was referring to. Naturally the Premier of that province will not displace his people by doing away with the operation and it's pretty difficult once it has been in operation just to throw it out, let's face it. But in short, what we need, Mr. Speaker, in this province, we need new sources of revenue; we need new sources of capital, and the only way we're going to get it is through economic development. I think it's the responsibility of this government to create an atmosphere in this province that we will attract capital, that we will attract economic development to this province; not to say that nobody has left this province, the argument that the Attorney-General proposed to us, but I think the atmosphere that we have to create that we keep these industries here, that we keep Investors Syndicate here, that we keep Great West here, that we keep all the others here, that we don't create an atmosphere that there's any doubt that they may want to move. That's the argument that I want to present at this time. And again -- I don't want to get into this debate because I think we can debate it on the Bill which will be before this House. On the Budget itself -- again I say there's very little in financial aid for the municipalities; there's very little for the home owner in relief of taxes on property; there's very little for the senior citizen and there's very little for the student aid for employment. I think the government could have done a much better job than we're doing; so I'm not satisfied with the Budget.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you very much, Mr. Chairman. Over the past week we have heard many speeches. We've heard some brilliant speeches and we have heard some rebuttals on the part of the government when they felt that they had probably been hurt. Immediately we

(MR. GRAHAM cont'd.) . . . . . got smoke screens thrown up, personal attacks made in this House and I was quite amused to listen to some of the ones we had today.

However, this being a Budget debate dealing with the financial matters of this province and in fact the relationship of our province financially with the larger jurisdiction of the Government of Canada, I think we have to go beyond just the actual budget itself and deal with some of the philosophies involved. I think this is the basic difference between the party that's sitting in the benches opposite and other parties in this country of ours.

Last December we had this government send a delegation to Ottawa. There were several members of the Cabinet and some of those that aren't on the Cabinet were there and they made some proposals, and one of the ones that was made was as follows: "Manitoba opposes the rebate system adopted in Alberta and Saskatchewan. Rebates negate all social and economic principles for which estate tax are levied in the first place. Furthermore, there is obviously no economic advantage to one province if all provinces apply a rebate system."

Further on they go on and say they feel that the estate tax should be the sole responsibility of the Federal Government, that the provinces should get none of it. But Ottawa, realizing the provinces do need some money, some time ago made provisions where the provinces would get some of the money back that was nurtured and developed within those provinces, especially during the lives of those that had built up estates. But Manitoba doesn't really want any part of this, according to the Premier and the representatives he took down. He felt that it should be the responsibility of the Federal Government, or it should be to their advantage to collect it. Which means that in this province, if we have a climate which is conducive to enterprise, builds a healthy economy and a person can prosper, that the province should get no credit for that; the money belongs to the nation as a whole and not to province.

Mr. Speaker, taking the opposite side of that, I can understand probably some of their reasoning, that under their Socialistic form, rather than build the little guy up they would sooner drag the big guy down to the point where probably he would have no estate tax. If they were in government any length of time, there would be no estates left and this way the province would have nothing to collect. This does concern me as it should concern every Manitoban. This is nothing new. During the civil war in America we heard none other than Mr. Lincoln voicing words very similar to what we're hearing today on this same principle. It is a very dangerous procedure to be pulling the enterprising person down rather than trying to build the little fellow up. It certainly concerns me and it should concern every one else in Manitoba.

Further on down in their brief, this is what the province said: "Furthermore, Manitoba also believes that the Federal Government should be permitted to be the sole recipient of corporations' income tax." The Federal Government should be the sole recipient of corporation income tax. Mr. Speaker, while they're telling Ottawa that they're telling the people of Manitoba something different. They tell the people of Manitoba, the corporations in Manitoba, that you'll pay an 18 percent increase in corporation tax, and they would be very happy to receive that money from them.

MR. MACKLING: You tell them; they're all listening.

MR. GRAHAM: This concerns me considerably, Mr. Speaker, that they are telling the people or telling the Federal Government one thing and doing the exact opposite here in Manitoba; stating to the Federal Government Manitoba also believes that the Federal Government should be permitted to be the sole recipient of corporate income tax, and turning around to every corporation in Manitoba and saying we want 18 percent more corporation tax than was collected last year. Mr. Speaker, this does not seem to be consistent with the policy which should be conducive to improving business and building our province into the healthy province that it should be. I'm sure that I am not the only one who is concerned about that.

Further on in their brief they state something else: "Considering the special difficulties and challenges facing farm enterprise and the requirement for continuity of investment over generations, is it not necessary to give some further relief to farm taxpayers in respect of capital and estate taxation?" This is one of the questions they asked the Federal Government. Which shows that they are willing to ask questions about relief for the farming industry in Manitoba but in reality they are not doing too much about it other than increasing the tax load on an industry which is staggering at the present time. We have a good example of this in our school taxes this year. I can't speak for every school district or division in the province, but in the constituency which I represent, we have evidence there where the total school tax on farm property this year will increase as much as 58 percent. The same time as this government

(MR. GRAHAM cont'd.) . . . . is expressing concern to the Federal Government, and rightly so, and rightly so, because concern must be expressed to the Federal Government over the situation in the agricultural community.

Mr. Speaker, I received a letter this morning from a Member of Parliament in Ottawa who asked a question in the House. Question Number 1532 asked by Mr. Stewart the Member for Marquette. If I may quote: By provinces, Alberta, Saskatchewan and Manitoba - there must be some left, this is a photostat - "did the Federal Government consult any group concerning the proposed acreage reduction program; and if so (a) what farm organizations were consulted? And the answer that was given was The Alberta Wheat Pool, The Saskatchewan Wheat Pool, The Manitoba Pool Elevators, The Canadian Federation of Agriculture, The Canadian Grains Council and the National Farmers Union. And (b) What agricultural industries were consulted; and the answer to that was none. And (c) Which provincial government departments were consulted? The Ministers of Agriculture of the Provinces of Manitoba, Saskatchewan, Alberta were. In (d) it says in each case who were the actual personnel engaged in the discussion? And the answer tabled in the House of Commons was Mr. G. L. Heralds for Alberta Wheat Pool; Mr. E. K. Turner, for Saskatchewan Wheat Pool; Mr. G. Turner, for Manitoba Pool Elevators; Mr. C. Munroe, Mr. D. Kirk, and Mr. P. Babey for Canadian Federation of Agriculture. Mr. A. M. Runciman and Dr. Deever for the Canadian Grains Council; and Mr. R. Atkinson, Mrs. E. Potter, Mr. J. McCloy, Mr. D. Young, Mr. F. Dietz, Mr. F. Goodmanson, Mr. D. Robertson and Mr. S. Thiessen for the National Farmers Union. And the final part of the question was - did each organization approve or disapprove of the program? The answer given: All consulted expressed support for the final version - the final version of Operation Lift, as a necessary inventory reduction program to place the western grains industry on a solid footing for long term industry policies and program.

Mr. Speaker, I don't believe the farmers in Manitoba are entirely happy with the Federal Government's program. There has been considerable concern expressed about it. We had our Manitoba government going to Ottawa and expressing concern for agricultural policies with regards to estate tax, capital and estate taxation. They expressed approval of this Program Lift which will reduce the income of the western farmer, and at the same time they are imposing as much as a 58 percent increase in total school tax on that same farmer this year when he is facing a known decline in income, not a decline of his own choosing but a decline imposed on him by government. And he's facing increased taxation imposed on him by government.

We have the Minister of Education telling us that the assessment in the Province of Manitoba increased \$100 million last year. How much of this was real property improvement and how much of it was inflated values imposed by government is hard to estimate. But we do know that when it comes down to the matter of dollars and cents, whether you use mill rate or assessment, the one figure that the farmer wants to know, and every other person in Manitoba wants to know, is how many more dollars am I going to have to pay in tax this year? And you can take assessment or mill rate and manipulate them any way you want; it's the final figure of dollars and cents that has to be paid, and in the case of the farmer, many of them, are going to have to want to know how many dollars am I going to have to go to the bank and borrow to pay these taxes.

Mr. Speaker, we've had the First Minister and other Ministers stand up in this House and say they cannot do everything at once. And I agree with them. It's very difficult to do everything at once. But I would ask the First Minister to list his priorities. Is it more essential that we have a government automobile insurance program at this time or is it more essential that the farmers be given some assistance when they're facing a critical situation? Now I realize that there are not too many farmers on the other side of the House and this might in some way be the reason for placing a priority on government automobile insurance rather than on a question of relief of taxation for property owners. That is a decision that the government has the right to make and they have made it. But, Mr. Speaker, it bothers me what priority this government places on the needs of the people of Manitoba.

Last year they put out a big election program which sounded very good. The first promise they made was Medicare and they have done something about it, and I commend them for the courage they took in doing that. The second one was the cost of education. -- (Interjection) -- Well they sort of missed that one. They sort of missed that one and then they

(MR. GRAHAM cont'd.) . . . . . went down to the next one which was to give the pensioners reduced bus fares, and I commend them for doing that. But then they get down on the next page and it says give every citizen full voting rights, every citizen. Well, that one can be debated. The next one says the farmer needs a break -- (Interjection) --- yes, I think maybe the farmer needs a break. Says the farmer needs a break. Then it goes on, another big one - tax exemption on the first \$2,000 of assessment. Tax exemption on the first \$2,000 of assessment. -- (Interjection) -- Mr. Speaker, I'm not really too concerned about that. We had a vote on this the other day, it passed unanimously. But the one thing I would be concerned about in that is the value of the assessment. It's very simple to give a \$2,000 exemption on assessment if you increase the assessment \$3,000 -- (Interjection) -- That is happening. We do know that assessment went up \$100 million this year; give them two or three years they'll get it up high enough that they can give \$2,000 exemption.

But, Mr. Speaker, one of the things that I would like to talk about tonight and it was brought up in the heat of what was really a very brilliant debate here last Thursday evening, and it was mentioned again this afternoon by the Attorney-General when the Minister of Mines and Natural Resources said that they had accomplished all this without any increase in taxation, without any increase in taxation; and yet some of the farmers in my area are facing as much as a 58 percent increase in total school tax this year. We do know that fees have more than doubled in provincial parks; we do know that there's increase in land title fees. -- (Interjection) -- Well, you said some of it was justified, some of it, more than justified. But it does concern me that these things are happening. They forget that there is increase in taxation; and there will be more increase in taxation if the Federal Government carries out their proposed plan for tax reform.

Mr. Speaker, I'm not an expert on taxation, nor is there anyone in this Chamber I think who is really an expert on taxation. There are many people who spend their entire life trying to devise ways and means of understanding and reforming the tax laws of this nation. The Benson White Paper as we so often refer to it was not a pipe dream dreamed up in the back room of a caucus room or a cabinet room; it's the result of many years of varied opinions of various people assimilated by the Minister of Finance and put out in a list of proposals. And here again, Mr. Speaker, they are exactly what he says they are, a list of proposals. -- (Interjection) -- Partly; and it deals in essence with roughly five main fields. Actually there are eight subsections in it, the first one gives the setting and the summary, and the second one deals with the individual and the family in tax reform. One of the proposals of the Benson White Paper is that the government proposes an increase in personal exemption for a single man to \$1,400 and to a married man 2,800; but they also set out a new scale of payment of tax, which means that a single man earning \$300.00 a month or in excess of that will now pay more tax than previously. This is a level, \$300.00 a month and up. When they get into the higher brackets, the real high brackets it might be reduced. To me, Mr. Speaker, this is a rather punitive measure. Any single man earning more than \$300 a month will now pay more tax.

But last week we had the Minister of Finance make his budget speech and in the back of it, Appendix "D" he gave a statement on tax reform which he delivered on the 28th of April in this House. On Page 4 what does the Minister of Finance say? "An overall Manitoba objection has been that the Federal tax reform proposals do not go far enough." Benson is saying that any man earning \$300 a month or more should pay more taxes and here we have our Minister of Finance saying it doesn't go far enough. Mr. Speaker, it goes too far to suit me. It goes too far to suit me.

Then you go over further in Mr. Benson's White Paper to the next section, Capital Gains as Income.

MR. MACKLING: Would the honourable member yield to a question ?

MR. GRAHAM: When I'm finished, I'll . . .

MR. MACKLING: Well would you at least quote the Finance Minister in his entirety in the paragraph and not take his words out of context, please.

MR. GRAHAM: I have heard other members over there quoting and I'm sure that they do not quote in entirety. They quote out of context just as much. Now, Mr. Speaker, we will go on to Section 3 of the Benson proposals for tax reform, Capital Gains as Income. The government proposes that capital gain be taxed, and in doing so they have a proposal in there that states that this tax should also apply to property; and the one thing that concerns me about

(MR. GRAHAM cont'd.) . . . . . this is one statement that they say - the government proposes to choose a day close to the beginning of the system, and to announce that evening that that is valuation day. We don't know when the government is going to declare that valuation day for the property.

Mr. Speaker, five years ago a farmer could have bought a farm we'll say for \$100,000, the agricultural outlook was quite bright, but if that valuation day comes soon that property could be only worth \$50,000; the value of farm property has dropped approximately 50 percent in the last short time. And supposing five years from now that the sale of wheat does look better and the farmer has diversified to some extent and agricultural prospects are good, that farm could once more be worth \$100,000, which would mean that the farmer would have to pay Capital Gains on the farm which he originally purchased for \$100,000 and because the government arbitrarily set a valuation day when, for argument's sake, the property was only worth \$50,000 he would have to pay Capital Gains on that \$50,000 difference. But here we have our Minister of Finance saying Mr. Benson doesn't go far enough; and I say that he's going too far to suit me.

Going on to the next section dealing with Corporations and their Shareholders. Probably one of the most disturbing parts of this section is the proposal 4.19 - "The government's proposal is to create one set of rules for the closely held corporations and another set of rules for the widely held public corporations." Which in essence means the basic difference between a small corporation and a large corporation. Where we did have differences before, we will now have, any company with business profits of \$35,000 will be paying the same rate as the corporation with profits up to \$35,000,000.

MR. SPEAKER: May I remind the honourable member that he may speak up to an additional five minutes.

MR. GRAHAM: Pardon?

MR. SPEAKER: You have five minutes remaining.

MR. GRAHAM: Mr. Speaker, I think in the interests of our province, if we are going to develop and prosper as a province, there has to be some form of incentive given to small business to create the initiative and the drive that is necessary to keep our economy rolling and progressing. This type of legislation or taxation is most regressive; it leaves little room for the small investor to start a business because he's going to be taxed to the limit right off the start. But our Minister of Finance says that Mr. Benson doesn't go far enough. I say he's gone too far.

Mr. Speaker, the next section deals with International Income and we all know the views that have been expressed by some members of the other side, and I must say that I am very thankful that all members on the other side do not express views similar to those of the Member for Crescentwood, because we need international investment in this country. We need foreign capital because Manitoba is a small province and it must grow or it's going to be squeezed out of existence. We aren't in a position to bargain with Ontario. We need every bit of courage from the individual and assistance from outside and within in order to compete and grow to become the strong province that we have the potential to develop.

With those few words, Mr. Speaker, I wish to thank the indulgence of the House.

MR. MACKLING: Mr. Speaker, I think the Honourable Member said that he would answer my question when he was finished. Mr. Speaker, the honourable member indicated in reference to the tax proposals that the effect would be that a person earning \$300 a month or more would be paying more taxes. He then referred to Page 4 of a general commentary by the Minister of Finance attached to his budget address and quoted - and here's the question he quoted: "An overall Manitoba objection has been that the Federal tax reform proposals do not go far enough." Would the honourable member not agree that that sentence is in the middle of a whole paragraph which deals with a general commentary of the whole principle of the Federal White Paper and not the particular matter he alluded to?

MR. GRAHAM: Mr. Speaker, I'm glad to hear the Attorney-General is concerned, because if he is concerned I'm sure that many other people in Manitoba are concerned when our Minister of Finance says that the Benson proposals do not go far enough.

MR. SPEAKER: The Honourable the First Minister.

MR. SCHREYER: Mr. Speaker, it's always a pleasure to be the one to follow the Honourable Member for Birtle-Russell in debate because in my short period here in this House as a Legislative colleague of the Honourable Member for Birtle I have already discovered

(MR. SCHREYER cont'd.) . . . . that after he finishes speaking there is usually some need for someone to follow to set the records straight, to correct a few misquotations and generally to clarify things that he has managed to muddy the waters about.

First, Mr. Speaker, as is customary I should like to express my thanks to honourable members of this House, on both sides of this House, who have participated in this budget debate. I would like to deal first with some of the major questions which have been raised in the course of this debate. I realize that technically under the rules we are now to be discussing or debating the sub-amendment as proposed by the Honourable the Leader of the Liberal Party, but perhaps I might be permitted to comment at this time not only on the suggestions put forward by the Honourable Member for Portage, but also on the remarks of the Honourable the Leader of the Opposition and others as well.

Much has been said in this debate of the past few days about unemployment, unemployment figures, and there appears to have been an effort to associate somehow recent increases in the degree of unemployment in this province with policies of the government of the day. Certainly my colleagues and I do acknowledge that unemployment is becoming an increasing problem. We are well aware that reported monthly unemployment percentages have been rising unfortunately; but, and I think that every honourable member in this House surely has the intellectual honesty to agree that this is a phenomena which is nation-wide, in fact, continent-wide and accelerating. It is a situation which is not unique, certainly not unique to Manitoba. I emphasized my concern at this manifestation of Federal Budget policy, Federal Government policy and the effect it was having on slowing down the economy and giving rise to unemployment. I have had some opportunity to make this view known to the Federal Government at the time of the last Dominion-Provincial conference and subsequently by means of conversation and otherwise.

Our latest information indicates that Manitoba's reported unemployment remains well below that reported for the entire nation as a matter of fact, and this has been the case for quite a number of years. I'm not trying to make any particular point of the fact that unemployment has tended in the prairie region to be lower than that of the national average for the past decade, two decades, and at this point in time there is no deviation from that general long established trend or pattern; and certainly there is no deviation at the moment either, Mr. Speaker.

The available data as indicated in the budget statement presented by my colleague the Minister of Finance does point up a number of unsatisfactory economic indicators, but even fractional changes in the indicators involve hundreds of Canadians and their families. The fact is that no government has yet developed adequate data to pin down the full story of unemployment or under employment, under employed workers and the hardships faced by them and their families. However, we must treat the available data as registering a national as I've said, a national and even an international situation requiring solutions; if there is to be any effective treatment of the problem, solutions must be national and international in scope.

As we stated in the economic review presented as an appendix to the budget statement, too great an emphasis on arguments utilizing percentages and other statistical data can at best provide only a degree of false comfort. At worst it can obscure the deeper difficulties for people involved in the actual economic trends and changes. As national governments both in Canada and in the united States make and have made already the vital decisions concerning the so-called trade-offs between inflationary controls and increased unemployment, we must be even more concerned here at the provincial level to do what we can to assist those directly affected by those undesirable economic trends. That is why this government asked for stand-by capital authority so that we could to the extent of our budgetary capability, move as quickly and expeditiously as possible to spend monies on public works of diverse kinds to try and minimize whatever adverse trends set in, if more adverse trends are still to set in as a result of federal anti-inflation policy. You know, Mr. Speaker, it is far from being generally agreed upon among economic analysts and experts as to whether or not we have reached that point in our national economic policy where any further tightening may be not only unnecessary but actually bring about increased unemployment to an extent far beyond what anyone in government want to countenance at this time.

As noted in the Economic Review presented by my colleague, averages do not reveal enough about people, about workers who are employed only marginally or at low incomes and with little job security. We must concentrate our social and economic development

(MR. SCHREYER cont'd.) . . . . programming in co-operation with the Federal Government, not only in assisting the unemployed but also in aiding those whose employment situations are not sufficiently rewarding to provide them with the basic income which should be available to every citizen.

This discussion of the sometimes deceptive nature of aggregate employment data and averages, developed from those kinds of statistics, leads me to make this broader point that was suggested by the Leader of the Opposition. He remarked that he couldn't find, in the 1970 budget statement, the kinds of information data which in previous years we on this side, when we were in the opposition, had suggested might be meaningful additions to the province's budgetary presentation. Mr. Speaker, I was most disappointed at the reactions of the Leader of the Opposition since I was satisfied that the Minister of Finance had dealt at some considerable length with those very points in the text of his address. I admit that the budget only touched on a few specific items, but I noted that this government was well aware of the need to view and to review its programming in many different perspectives, and to set to work and to get the expertise to set to work to develop data which could promote more effective program evaluation and planning.

In other words, Mr. Speaker, in many cases we are finding it necessary almost to start from scratch, to begin to collect the information we need for real thorough program analysis and evaluation and for budget planning. We are having to start from scratch simply because the previous administration apparently had not asked the sort of questions that this administration feels must be asked about the effectiveness of governmental activity as regard to quite a number of programs that are being administered in this province, and that is why I say, for information of honourable friends, that we have and are expanding the role and function of the Planning and Priorities Committee of Cabinet, the successor to the old Manitoba Development Authority, giving it, breathing into it more life and muscle or capability, and also giving to it and to the Management Committee of government a better program and budget analysis capability.

I must say, Mr. Speaker, that inasmuch as the Leader of the Opposition and I seem to be in agreement on the need to get more detailed information and data on our economic problems we face in this province, I am therefore puzzled by his budget night complaint, voiced over the news media, that the budget seemed to contain too many platitudes. I don't know the exact expression he used, but I am given to understand that he said that the budget was more or less a plethora of platitudes, containing nothing else but. Well, Mr. Speaker, that is a difficult kind of criticism to respond to, to have someone say that a particular statement of policy, in this case financial policy in the budget, contains all too many platitudes; difficult to know in what precise way to respond to such criticism; except I'd like to say this to my honourable friend and those who sit on the other side, that if it comes to a matter of comparing platitudes and the degree to which the two respective parties are guilty of mouthing platitudes, I think that if anyone were to keep a close score, then the present government and the party which composes it would come off by far the winner in terms of avoiding platitudes.

I want to give you some example of what I mean. Everybody, just about everybody in politics, likes to talk about opportunity, equality of opportunity, taxation based on the ability to pay, letting those who are more fortunate in life not only help their brothers but want to help their brothers. You hear those expressions said so often, and yet when the honourable members opposite face the decision as to how they should pay for certain essential services - let us take Medicare as an example - how did they treat the problem about equality of opportunity and taxation based on ability to pay? They opted for a taxation for Medicare that was based, not on ability to pay at all, but flat. And when we formed the government, we did not wait too long before we decided to give some practical meaning, some concrete, tangible meaning to the expression that we like to see, we want to work for greater equality of opportunity, for greater equality of the human condition, that we want to bring about taxation based more on the ability to pay, so we removed, at least by 90 percent, we reduced the flat Medicare premium tax and replaced it with a taxation based more on the ability to pay. So I don't think that we are guilty of mouthing platitudes and then failing to follow up with positive concrete action.

So when the Honourable the Leader of the Opposition said, in his reply to the Throne Speech last week, "What a difference a year makes," I reply, Mr. Speaker, yes indeed. What a difference a year makes. To see them so concerned, to see them so concerned now about

(MR. SCHREYER cont'd.) . . . . . taxation weighing too heavily on the backs of those who can't pay it, when not even a year ago they loaded it on, in spades, on the backs of those who could least afford to pay it. My mind boggles at the very idea that we should face criticism from those opposite on the question of taxation weighing heavily on those less able to pay. It is absurd, as though one were witnessing a Tory preaching revolution.

I want to turn now to this government's position on assistance to municipal governments, and thereby to property taxpayers. This subject of municipal taxation was very much in debate in the last few days on the part of many members opposite, including the last speaker, the member for Birtle-Russell. It has been stated, and I will repeat it so that there can be no mistake, no misunderstanding, or no forgetting that this administration intends to work toward the removal of the remaining costs of social development programming, and this certainly includes education from the municipal property tax base, we have always held up, as a principle, the guiding principle that services to property should be paid for on the basis of taxation on property, and that services for people should be paid for ultimately on the basis of taxation on income, taxation on corporate and individual income, and other sources other than property.

But having said that, Mr. Speaker, there are also two other points that must be made; first, that we are looking very carefully at the structure of municipal government in this province in order to assess its capability to fulfill the important service responsibilities it will continue to bear. When this review of municipal government and boundaries and the subsequent necessary restructuring are accomplished, we feel that we will be in a far more advantageous position as regards our ability to channel provincial funds to the areas where they will most help the municipalities.

The second point that must be made is that the very real limitations of our revenue resources and the obvious urgent problems and priorities in other government program fields, necessarily confine and restrict and determine the space, or the rate with which we shall be able to move toward the objective of removing from the real property tax base the cost of education.

As all members of this Assembly know, this administration is on record as being highly critical of the increasing burden of property taxation, particularly for Manitobans whose incomes are minimal and often fixed, and if incomes are fixed these days, Mr. Speaker, it is the same as saying that they are in fact declining. But if increases in municipal taxation concern my honourable friends opposite nearly as much as they let on in the past seven days, and that seemed to be the main thrust of their entire Budget Debate contribution, then I think it is in order to draw to their attention some comparisons with respect to municipal tax increases that have taken place, some comparisons between what increase has taken place in the past 12 months' period with what has taken place in municipal tax increases in the 12 months' period before that and in the 12 months' period before that, and if my honourable friends will be patient for about 10 minutes, I should be able to do just that for them, and it will not be a picture nearly as disadvantageous to this administration, or as complimentary to theirs, as many of them would seem to have let on in the past few days.

We feel we can point with considerable satisfaction to the fact that we have indeed relieved the overall tax burden of the large majority of Manitoba citizens, and especially of those within the most vulnerable low and fixed income groups. A quick reference to the Medicare premium and income tax comparison table, which were appended in the financial statistic section of the Budget Address presented by my colleague, should illustrate the point I'm making very clearly.

The Leader of the Opposition, in discussing the use of income tax, spoke of incentives and warned of the danger of interfering with the motivation of Manitobans in higher income groups by applying the ability-to-tax principle too far, and I pause to emphasize the phrase "too far". Apparently, colleagues, it is possible to take the right thing too far. The ability-to-tax principle, no one seems to want to attack it in a forthright, intellectual way, but yet it is possible apparently to take the right principle too far. Well, perhaps this is so, but if you are inclined to think so, I'd like all who think so to ponder the alternative. The alternative is to low taxes on those who are less able to pay, and my honourable friends can then opt -- they can decide for themselves which course of action they would feel more right about in following.

Now the Honourable the Leader of the Opposition noted that if the Government of Manitoba were to decide to tax its high income earners at a rate which would cause them to pay the full amount of their incomes taxable or even gross, that the potential amount realized would be

(MR. SCHREYER cont'd.) . . . . . relatively small in relation to the sums needed to carry out certain immediate and far-reaching program objectives. Well, I accept that, of course, if it is taken to such an extreme, but I do not understand the term "ability-to-pay taxation" to mean that one is taxed to the point where it is confiscator. That obviously is not what is meant by the concept of ability-to-pay taxation. But then again, Mr. Speaker, there is a major non sequitur in the link that was made by the Leader of the Opposition between the concept of ability to pay and total taxation. I reject out of hand any implication that taxation according to responsible definition of ability to pay is either a disincentive to productivity or in any way related to total taxation of income. On the contrary, and I would like to state this position as clearly and with as much emphasis as I can muster, the tax philosophy of this government is that fair treatment of all taxpayers is a fundamental result of applying taxation according to the true capacity of individual taxpayers. In other words, when we ensure that the low and moderate income earners are given equitable opportunity to enjoy a better quality of life, when we do that we are not doing anything to the disadvantage of the more fortunate people who live amongst them. We build our community on the combined efforts of all people. A great deal too much is said about the alleged need to preserve incentives for the well-to-do. The meaningful incentives in a democratic society are those which support and enhance the efforts of the average citizen to live his life productively and in full enjoyment of the progress his efforts make possible.

. . . . . continued on next page

(MR. SCHREYER Cont'd)

On one basic point, Mr. Speaker, we do not disagree, the Leader of the Opposition and I, and that is that our income tax revenue is limited - that is to say, the base, the tax base - is limited in size and its limited size does restrict the scope of operation of the Provincial Government; and therefore because the provincial budgetary capability is limited, we feel we must look with real concern, not only at the top few levels of the income scale, but we must look with even more profound concern at the income levels which are lower down. It is within these ranges that the overwhelming majority of Manitoban income tax payers may be found, and it is they, not the few, therefore, who must be seen as being the fundamental supporters of our public resources. I mean that in the sense that it is they who ultimately, by their labours, work the resources of our province and bring them to marketable state, and that is the way an economy operates and society is built.

The Leader of the Opposition cannot have it both ways. If only a few are rich, then obviously it is the many who are of modest means who pay the necessary price of progress. Progress is not made by a handful. If one tries to ignore this, if one tries to ignore this basic fact, this basic contention, then surely one is talking nonsense when he talks about bringing about a greater equality of opportunity and of the human condition, and paying for services on the basis, a tax based on the ability to pay.

Now the Leader of the Opposition spoke with great feeling and concern about the small percentage of Manitobans earning \$14,000 and over. We, too, are concerned about these people as Manitobans. We do not have any policy that is deliberately discriminatory against them, but some 84%, some 336,000 Manitobans, as income tax payers, filed returns showing gross annual incomes of less than \$7,000; some 65% of all Manitoba tax payers filed returns showing incomes under \$5,000; more than half of all Manitoba's tax payers reported incomes under \$4,000; more than one quarter, over 111,000 people filed returns indicating gross income of less than \$2,000.00. These 111,000 people in total reported only 6% of all gross income shown on all tax returns.

On the other end of the scale, the 7,400 people reporting gross incomes of \$15,000 or more, which by the way is less than 2% of all those who filed returns, these 2% reported more than 10% of the total gross personal income in the province. Now surely when the subject of incentives is discussed, incentives for those in low and middle income groups should be stressed as well. Indeed a strong case can be made for the need for monetary motivation at all levels. Perhaps an even stronger case can be presented for qualitative incentives however.

We feel that this province provides major rewards to higher income groups of a kind that cannot be measured in any arithmetic way with the kind of life they can lead in other provinces and in other cities in this country. The higher income people living in this province, not only do they obviously have opportunity, they continue to exercise it. The amenities of life, which are many and varied in this province, come easily to them. There is nothing wrong with that, but, at the same time, the fact that this is so should put an onus on all government that is concerned with the welfare and prosperity - which is something we pray about in our prayer here every day, Mr. Speaker - surely the fact that this is so puts an onus on government to take concrete steps and action to bring about greater equality of opportunity and condition for all the other many people who live in our province, and this is what motivates us on this side.

We recognize that savings resulting from the 1970 Income Tax shift, for many will simply mean better food, or less difficulty in meeting a property tax bill for others, but there must be more than that. There must be opportunity for self expression; there must be a greater sense of security and well-being on the part of our citizens. We have these objectives clearly in mind in considering our different government policy options. The fact that this is so, Mr. Speaker, does not mean that we are prejudiced against any one group. Certainly we do not seek to penalize the fortunate. We merely wish to take concrete steps to bring about a better combination of conditions for those who, until now, have had it in relative terms difficult in obtaining basic services and in meeting their tax bills.

I should like now to turn for a moment to the subject of fees and licenses, because the Leader of the Opposition made some point about this and the last speaker, the Member for Birtle, also suggested that we had done something very tricky or untoward when we adjusted some of the fees and license costs in recent months.

Mr. Speaker, of course there have been some increases in certain classes and kinds of fees. We have never denied it; we have never tried to hide it either. Honourable members can

(MR. SCHREYER Cont'd) . . . find a table in the Budget Address headed "Summary of Revenue by Major Source Fiscal 1969 and 1970" and there it is summarized for them. But I do, however, hope that honourable members opposite will acknowledge that fee increases have occurred at pretty regular intervals for the past ten years under the past administration. I seem to recall, for example, that during 1968 and the first half of last year there were several major fee increases in connection with proceedings in the Court of Appeal, in the Court of Queen's Bench, in the Vital Statistics Branch as well. The fee for recording of Birth, Marriage and Death Certificates and the like were increased by some 167% last year. There was also introduction of a sizeable fee schedule in conjunction with the coming into effect of the Securities Act, another fee increase that should be mentioned. And I can recall back in 1959 and 1960, in the early years of the Roblin administration, when just about every single fee and license that was on record under provincial administration was increased, and because we choose to make some adjustment with respect to three or four, it is singled out as a matter of major comment by honourable members opposite - hardly consistent.

There have also been references made in this debate, Mr. Speaker, in respect to the 13% corporation income tax now effective in Manitoba. We have heard the now almost ritual expression of concern that tax rates here may influence corporations to leave the province or to refrain from coming here. We have heard much about it, Mr. Speaker; in fact, some of it was bordering on threat in the past few months. But I will state the facts again and I emphasize that they are facts, that both Manitoba and Newfoundland have applied the 13% rates against taxable corporate income, and while Ontario and Quebec have slightly lower income tax levies, 12% instead of 13%, nevertheless the fact remains that in addition to the 12% corporate tax, Ontario and Quebec also apply taxes against corporations which are not in effect in this province. For example, there is in the province of Quebec and Ontario a "capital tax" which does not exist here. There is a "place of business tax" which does not exist here. As I have said, Ontario applies the capital tax as well, and in addition applies a sales tax rate to most classes of production machinery. As honourable members surely are aware, Manitoba does not have a capital tax nor a place-of-business tax. This is therefore only part of the picture when one makes reference only to the percentage of the corporate tax rate.

It may be of some interest to this Assembly to view the 1970 provincial tax increase as it affects corporations who allocate taxable incomes exclusively to this province. Of the 3,895 Manitoba corporations in this category, in the latest year for which we have information available, some 3,600 or 94% report taxable incomes of less than \$35,000, while the remainder, some 250 corporations, or some 6% of the total, report taxable incomes of more than that amount of \$35,000.

It is recognized, of course, that unlike personal income tax distribution, the greatest proportion of taxable corporation income is at the higher level. In Manitoba, the minority of corporations reporting taxable incomes of \$35,000 or more, account for about 80% of all taxable corporate income in this province, but again, operation of the ability-to-pay principle is clearly in evidence in these data. But there is nothing alarming about this, Mr. Speaker. Does this data suggest in any way that the high tax wall of China or our friends opposite report to see? The fact of the matter, Mr. Speaker, is that for corporate taxation of less than \$700.00 for 94% of the companies operating in our province, and for the others there is increased taxation but naturally only in accordance with the definition of corporate tax, only if the companies have had an excellent year of business and activity, and in a position to report a healthy net profit, they have the ability to pay, and accordingly they do so.

But what is the alternative, particularly to those who day after day get up in their place and talk about the problem faced by those on lower income, who lack the ability to pay but who must pay their property taxes, rising schools costs, old age pensioners, all of whom there is a profound concern for? But if there really is and if one is logical about it, then one does have to adopt the kind of tax measure and changes and reforms precisely of the kind that we brought about last fall.

I would like to get back to the matter of municipal taxes for just a bit. It is important to add that -- yes, Mr. Speaker. I notice the time is flying, and I wanted to deal very specifically with the matter of property tax, municipal taxation. I would like now to refer honourable members to an analysis that was made of movements in Metro Winnipeg residential taxation 1968-70, which analysis appeared in the Winnipeg Tribune of, I believe, just last Friday, and it showed that while there were tax increases, municipal tax increases, in the member municipalities in the Metro

(MR. SCHREYER Cont'd) . . . area, this year, varying from \$4.00 - based on \$6,000 assessment, by the way, in each case - an increase of \$4.00 in the case of Winnipeg on \$6,000 assessment; \$7.00 in West Kildonan; \$24.00 in Tuxedo; \$46.00 in Transcona (although I say, as an aside, that I really wonder if anyone has \$6,000 assessment in Tuxedo) but anyway \$46.00 increase in Transcona; \$39.00 increase in St. Vital; \$20.00 increase in St. James-Assinibota; \$36.00 increase in St. Boniface city; \$20.00 increase in Old Kildonan; \$12.00 increase in North Kildonan; \$27.00 increase in Fort Garry; \$37.00 increase in East Kildonan; and \$9.00 increase in Charleswood - all these increases being based on what is regarded as an average \$6,000 assessment under the Metro assessment.

Now in 1969 and 1968, if one is going to comment on the tax movement in '70 one should take some pains, some trouble, to see what was the tax increase in 1969 when my honourable friends were responsible, and in 1968, and I'd like to take it back a few years even beyond that, and I can inform the House that the increase in each case in 1970, in every member municipality in the Greater Winnipeg area with one exception, was less this year than it was in each of the last two years.

MR. GRAHAM: Would the Minister . . .

MR. SCHREYER: You certainly won't get the floor now, so you might as well take your seat and exercise some patience. But I will refer my honourable friend to the Tribune analysis made last Friday. My honourable friend can give that some study overnight and make some comments about it at some subsequent time.

So Mr. Speaker, what is one faced with? One is faced with -- this government has been subjected - of course this is understandable - to a barrage of criticism from members opposite during the Budget Debate, and the criticism has been basically of two kinds: one, that we have increased taxation on corporations operating in this province; that we have done so to the detriment of our economy because we have reduced the incentive to the point where corporations will not want to operate here. I would like everyone here to just ponder that Opposition statement. At the same time, consider the fact that they have been, for the past several weeks, suggesting that this government has not been compassionate enough in lowering the tax burden that is on the back of those with modest and small incomes and with little ability to pay. It is a complete contradiction in argument.

The second point is that honourable members have been making as their major argument, advancing the argument that the municipalities, that taxation at the municipal level has been allowed to increase to an unacceptable degree under this new government, and my answer to that is what I have just put on the record, that while they were in office, while they were supposed to be the paragons of virtue when it came to maintaining municipal tax rates, sat by while municipal taxation increased at a rate faster than has been the case in the past several months while we have been in office. So on both their major arguments, Mr. Speaker, one sees that they fall to the ground. Therefore, I have no hesitation at all in calling on all honourable members to give their confidence to this administration because the two major points of criticism against us, I think I have demonstrated, are illogical and contradictory.

MR. SPEAKER put the question on the sub-amendment and after a voice vote declared the motion lost.

MR. G. JOHNSTON (Portage la Prairie): Ayes and Nays, Mr. Speaker, please.

MR. SPEAKER: Call in the Members.

A STANDING VOTE was taken, the result being as follows:

YEAS: Messrs. Barkman, Bilton, Claydon, Craik, Einarson, Enns, Ferguson, Froese, Girard, Graham, Hardy, Henderson, G. Johnston, McGill, McGregor, McKellar, Moug, Patrick, Sherman, Watt, Weir and Mrs. Trueman.

NAYS: Messrs. Allard, Barrow, Beard, Borowski, Boyce, Burtniak, Cherniack, Desjardins, Doern, Evans, Fox, Gonick, Gottfried, Green, Jenkins, Johannson, McBryde, Mackling, Malinowski, Miller, Paulley, Pawley, Petursson, Schreyer, Shafransky, Toupin, Turnbull, Uskiw and Uruski.

MR. CLERK: Yes 22; Nays 29.

MR. SPEAKER: I declare the sub-amendment lost.

MR. SPEAKER put the question on the amendment and after a voice vote declared the motion lost.

MR. WEIR: Ayes and Nays, Mr. Speaker, please.

MR. G. JOHNSTON: We would be willing to have the same division, Mr. Speaker.

MR. GREEN: Same division is okay with us, but I can't speak for every man that sits on this side of the House.

MR. FROESE: It is agreeable to me.

MR. BEARD: I lost count, Mr. Speaker.

MR. SPEAKER: Same Division then.

MR. SPEAKER put the question on the main motion and after a voice vote declared the motion carried.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. DOERN: The Honourable Minister of Finance.

MR. CHERNIACK: I'm quite prepared to proceed but the tradition is that normally Ways and Means Committee awaits until the Estimates, Committee of Supply has been completed and I assume that that's the wish of the House. If it is I'm prepared to move that you rise and report.

MR. WEIR: Mr. Speaker, that's satisfactory with us.

MR. CHERNIACK: Committee Rise and Report.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

MR. DOERN: Mr. Speaker I move, seconded by the Honourable Member for St. Boniface that the report of the Committee be received.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. GREEN: Call Bill No. 15, please, Mr. Speaker.

#### GOVERNMENT BILLS

MR. SPEAKER: Bill No. 15. The Honourable the Attorney-General.

MR. MACKLING presented Bill No. 15 an Act to Amend the Companies Act for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, Bill No. 15 has been sitting on the Order Paper for some time and I'm sure that some honourable members have been wondering why it's been left there, but I did indicate earlier for some of the members who were in the House I believe when I was dealing with my estimates, the estimates dealing with the Minister reporting for the Public Utilities Board that Bill No. 15 dealing with provisions of the Companies Act should be reviewed in concert with the amendments which are proposed to the Securities Act. And why they should be dealt with together is that really basically, the same criteria, the same principles are involved. The amendments that are proposed to these Acts have the effect of upgrading the standards which presently exist in the Acts. Both of these acts, and I'll confine my remarks to the companies Act for a moment, but when I hope that we might be able to deal with the Securities Act my remarks might be that much more brief.

The provisions in the Companies Act are based on a pretty close parallel with the Ontario Companies Act. The Manitoba Act is modelled very closely from the Ontario Act and when amendments have been made to the Ontario Act as a result of requirements there because of the findings of the government there and the Securities Branch, that technique or further technique or further improvements have to be made to the Act, generally speaking this province and others have looked to the Ontario model and have followed suit.

Now at this Session, dealing with this bill, the honourable members will be asked to accept the amendment suggested which would have the effect of making further provision in respect to insider reporting, proxy solicitation and financial disclosure in connection with provisions of the Companies Act, and the same provisions will apply in respect to the Securities Act.

As I have indicated, uniformity is of utmost importance in the financial field and these changes will bring our Acts up to date with similar legislation in Ontario and the other western provinces. Various sections of the Act amend the Companies Act in this respect and are complementary amendments as being proposed in the Securities Act.

The remaining sections of the Bill other than Section - well I shouldn't deal with a specific section - but generalizing, the remaining sections of the Bill with the exception of one specific Section No. 24, are caretaker-type of amendments which merely clarify the interpretation of certain sections of the Act that have caused difficulty in administration.

One particular section of the Bill, that's Section 24, is of particular significance, as it repeals Part 5 of the Act which regulates the operations of Trust and Loan Companies and

(MR. MACKLING Cont'd) . . . replaces it with a new part setting forth in considerably greater detail the rules of conduct of these types of companies which receive the public's money in trust or by the issue of debentures.

When a New Companies Act was adopted in 1964 after years of study at the Federal-Provincial level, the present Part 5 dealing with Trust and Loan Companies was not reviewed and as a consequence it contains basically the same provisions as of 30 years ago. With the many changes that are taking place in the financial community and the intense competition for the depositors' dollars that result, it is apparent that a revision of the regulations of these deposit gathering institutions is long overdue.

I will not attempt to analyze all of the sections of the bill but will mention specifically some of the minor changes or additions as being recommended. These are as follows: the increase of minimum paid up capital of new trust companies from \$300,000 to \$1,000,000.00. Another provision requires notice of any proposed transfer of 10 percent or more of the shares of such companies to be filed with the inspecting authority.

Another provision provides for our Superintendent to freeze assets of a company for a limited period where funds are misappropriated. Another provision authorizes the taking of control of the assets of the company by our Superintendent under certain circumstances and the application to the court for an order of liquidation or of possession for rehabilitation.

Another provision sets out in considerable detail transactions between a company and insiders and related persons which are prohibited. Further provision provides for directors being personally charged for losses suffered by the company in such prohibited transactions. Further provisions provide for a minimum liquidity requirement with respect to obligations payable within 100 days and require quarterly reportings. Further provisions place a ceiling on any one investment or loan of 15 percent of a company's capital in reserve. Still further provisions bring the investment provisions in line with those of other jurisdictions, other provinces like Ontario and other of the western provinces. And still further provisions permit the amalgamation of such companies which was not previously authorized. While the above mentioned are the major alterations contemplated in this bill, many minor changes are also included in order to make our legislation more effective.

I believe the honourable members would be interested in knowing that the Federal Superintendent of Insurance has been inspecting our trust companies since 1938 and has a local representative based in Winnipeg who carries out our inspection provisions. Since mid 1967 all Trust and Loan Companies receiving deposits in Manitoba have been insured by the Canada Deposit Insurance Corporation which covers all deposits repayable within five years and up to \$20,000 for any one depositor, and this provides a welcome safeguard for our depositors.

Regardless of the inspection procedures and insurance provisions above referred to, I consider it important that these changes in the legislation be given careful consideration as they are designed primarily to give greater protection to the public who entrust their money to loan or trust companies for safekeeping.

I think, Mr. Chairman, those few remarks briefly outline the main principles of the bill which is before you, An Act to Amend the Companies Act, and as I indicate, these changes will bring our Companies Act into line with the refinements that have been made in other Companies Act legislation both in Ontario and our sister provinces.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker I move, seconded by the Honourable Member for Swan River that debate be adjourned.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. GREEN: Mr. Speaker, Bill No. 58 is related legislation, and that's why we want it introduced at this time.

MR. MACKLING presented Bill No. 58, An Act to Amend the Securities Act for second reading.

MR. SPEAKER presented the motion.

MR. MACKLING: Well as the honourable members learned in my brief remarks, Bill No. 58 An Act to Amend the Securities Act, is companion legislation to Bill No. 15.

Bill No. 58 substantially repeats old Bill No. 36 of the spring session of the 1969 Legislature which died with the dissolution of the Legislature. As a result of the adoption of the Revised Statute it is necessary for some sections to be repeated twice, once as amendments to the Securities Act in the Revised Statutes and once as amendment to the Securities Act 1968

(MR. MACKLING Cont'd) . . . which will be replaced by the Revised Statutes.

Part 2 of the bill contains the amendments to the Securities Act 1968 and all 9 sections in it repeat various sections in Part 1. The Bill is therefore not really as long as what it appears to be. For the most part, this bill adopts some changes made in the Securities Act of Ontario in 1968 after our Act had been passed. This is true of certain of the sections which simply copy the changes made by Ontario, and also of further sections which copy changes made by Ontario with some variations which we believe to be improvement. In addition, other changes make minor amendments which we believe are necessary by certain of these other changes. The remaining sections of Part 1 make amendments which have not been copied from Ontario. They relate to provisions in which there is not a need for uniformity between different provinces.

I think, Mr. Speaker, with those brief remarks the honourable members will have the substance of the principles of the amendment.

MR. SPEAKER: Are you ready for the question?

MR. SHERMAN: Mr. Speaker, I move seconded by the Honourable Member for Swan River that debate be adjourned.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. GREEN: . . . call Bill No. 38, Mr. Speaker.

MR. SPEAKER: On the proposed motion of the Honourable Minister of Mines and Natural Resources. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, in speaking to Bill No. 38 which is an Act to Amend the Water Control and Conservation Branch Act, I would like to point out several matters. While I do not oppose all the different sections in the Bill, I do oppose the bill in principle because of the restrictions that are being placed on the areas which will be designated as "flood area." I would appeal to the Minister, the House Leader, that when we do get to committee that he do have prepared a map or at least, if the regulations would be prepared by then, but if they are not at least give to us an indication of the area that will be affected by this bill, especially that part designated flood area. I will not oppose the other sections that deal with the matter of evacuation, where you have dyked areas and in case of flood that they have the power to have these areas vacated.

But in connection with the matter of the designated flood areas, I feel that we are infringing on the property rights that the people presently have. I know the bill that we are amending sets out some restriction as well. I opposed them at the time that that bill was enacted and I feel no differently today because under this bill people will henceforth have to apply if they want to build or construct any buildings on the area that will be designated as such, as the designated flood area, and who knows whether permits will be issued. I know there is appeal provided for to the Municipal Board, but even so, this is very cumbersome and I don't think that it is necessary to go the extent that the bill is going to at the present time. I feel it infringes too much and inhibits the rights of the property owners in connection with construction and so on.

This will also have a bearing on the value of the property. If a person cannot construct buildings on a piece of property next to a river lot, the value will be reduced very much, and I'm not sure whether these people are being advised as to what is taking place here. I bought several copies of the bill and brought them to St. Jean the other day so that certain people could take a look at the bill and then ask them to appear before Law Amendments Committee when the bill does come forward. I feel that these people should be advised of what is going on so that they know what they stand to lose under this legislation. At least I have my reservations on the legislation as such, and I feel that the resident owners and the municipalities should be advised on what is happening and what is taking place.

Then, too, we find that on the section of designation or definitions we find that this is also referred to the regulations. We don't know at this time just what area will be affected unless the Minister comes up and gives us the necessary information in committee, and will provide a map for us so that we will have an idea as to just what area, whether this will concern the whole area along the Red River from Winnipeg to the U.S. border, or just what areas are we speaking of. And it also could apply to other areas in the province, to other rivers, and not necessarily confined to the Red River area. So I take exception and I do want to oppose the bill in principle for that very reason, not because of the restrictions sections, but on the matter of restricting construction and so on, on the other flood areas.

Mr. Speaker, I think it is very unfortunate that this bill has to come in at the present time

(MR. FROESE Cont'd) . . . when these people are already experiencing great difficulty. Just last week, Thursday and Friday, I was out there twice and there is so much flooding in the St. Jean area and then right up to the U.S. border, . . . a township that is under water, and some of these farmers might not be able to seed at all this spring because the water is trapped, it takes a long time for it to recede, and it will have to flow, some of it will have to flow five, six miles back southward before it can escape through the Red River. The area that is flooded affects about 60 farmers. These same people experienced a bad flooding situation last year. Many of them were isolated at that time. This year it's not quite as bad in connection with isolation because they did not open up the road bed so that they can still travel. But still this is a large area that's being flooded and at places it's two, three feet deep, so you can well imagine that there's a large body of water right now on this particular land. In going over the area I feel that the government under the Water Control Board should definitely look into the matter of putting more culverts into the St. Mary's Road which is actually an extension of Provincial Road No. 246 southward. There are some small culverts in there but we need many more and we need larger ones so that the water can recede much faster and so that the farmers will be able to get on their land sooner and get a crop in. We know too well that if land is subject to flooding and will stay flooded for quite some time the land turns sour, you need extra fertilizer in order to produce a crop. This means that these people are subject to an extra cost this spring because they will definitely need a greater amount of fertilizer to produce a crop on that particular land. This certainly is very distressing to these people who are already very hard hit and already experiencing a flooding situation last year and to have it happen all over again.

So I do hope that the Minister takes cognizance of this and that something in the way of relief will be brought to bear, at least that some minor corrections will be made so that the water can recede faster and that this will also be an asset to future events of this type if it has to come about again. The grade I think should be raised, the St. Mary's Road should be raised and widened and if you instal more culverts, so that this will be more permanent way of fixing the situation. The other alternative, or probably not an alternative, I think it should be in addition to this, is to dredge the Marsh River so that this could also take away more of the water that is presently being diverted from the Red into the Marsh.

Mr. Chairman, the people in this area are really facing and are faced with a dismal outlook for the current year and then to have restrictions placed on them by such as this bill intends to do, I certainly do not have the heart to support a bill like this at this particular time. Mr. Speaker, I think it's 10:00 o'clock and I will not take any more of the time at the present time. I'll have further comments to make when the bill arrives in committee.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I would move, seconded by the Honourable Member from Souris-Lansdowne, that debate be adjourned.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. SPEAKER: It is 10:00 o'clock. The House is adjourned and will stand adjourned until 2:30 Tuesday afternoon.