



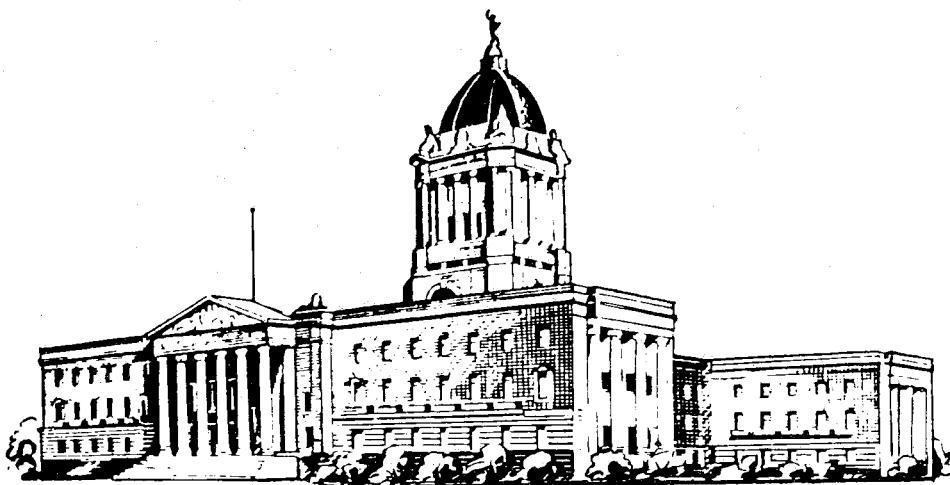
**Legislative Assembly of Manitoba**

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**DEBATES**  
and  
**PROCEEDINGS**

**Speaker**

**The Honourable Peter Fox**



**Vol. XXI No. 175 8:00 p.m., Thursday, June 13th, 1974. First Session, 30th Legislature.**

Electoral Division	Name	Political Affiliation	Address	Postal Code
ARTHUR	J. Douglas Watt	P.C.	Reston, Man.	R0M 1X0
ASSINIBOIA	Steve Patrick	Lib.	10 Red Robin Pl., Winnipeg	R3J 3L8
BIRTLE-RUSSELL	Harry E. Graham	P.C.	Binscarth, Man.	R0J 0G0
BRANDON EAST	Hon. Leonard S. Evans	NDP	Legislative Bldg., Winnipeg	R3C 0V8
BRANDON WEST	Edward McGill	P.C.	2228 Princess Ave., Brandon	R7B 0H9
BURROWS	Hon. Ben Hanuschak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
CHARLESWOOD	Arthur Moug	P.C.	29 Willow Ridge Rd., Winnipeg	R3R 1L5
CHURCHILL	Les Osland	NDP	66 Radisson Blvd., Churchill	ROB 0E0
CRESCENTWOOD	Harvey Patterson	NDP	978 Garwood Ave., Winnipeg	R3M 1N7
DAUPHIN	Hon. Peter Burtniak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ELMWOOD	Hon. Russell J. Doern	NDP	Legislative Bldg., Winnipeg	R3C 0V8
EMERSON	Steve Derewianchuk	NDP	Vita, Manitoba	ROA 2K0
FLIN FLON	Thomas Barrow	NDP	Cranberry Portage, Man.	ROB 0H0
FORT GARRY	L.R. (Bud) Sherman	P.C.	86 Niagara St., Winnipeg	R3N 0T9
FORT ROUGE	Lloyd Axworthy	Lib.	132 Osborne St. S., Winnipeg	R3L 1Y5
GIMLI	John C. Gottfried	NDP	44 – 3rd Ave., Gimli, Man.	ROC 1B0
GLADSTONE	James R. Ferguson	P.C.	Gladstone, Man.	ROJ 0T0
INKSTER	Hon. Sidney Green, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
KILDONAN	Hon. Peter Fox	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAC DU BONNET	Hon. Sam Uskiw	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAKESIDE	Harry J. Enns	P.C.	Woodlands, Man.	ROC 3H0
LA VERENDRYE	Bob Banman	P.C.	Steinbach, Man.	ROA 2A0
LOGAN	William Jenkins	NDP	1294 Erin St., Winnipeg	R3E 2S6
MINNEDOSA	David Blake	P.C.	Minnedosa, Man.	ROJ 1E0
MORRIS	Warner H. Jorgenson	P.C.	Morris, Man.	ROG 1K0
OSBORNE	Hon. Ian Turnbull	NDP	Legislative Bldg., Winnipeg	R3C 0V8
PEMBINA	George Henderson	P.C.	Manitou, Man.	ROG 1G0
POINT DOUGLAS	Donald Malinowski	NDP	23 Coralberry Ave., Winnipeg	R2V 2P2
PORTAGE LA PRAIRIE	Gordon E. Johnston	Lib.	135 – 16th St. S.W., Portage la Prairie, Man.	R1N 2W5
RADISSON	Harry Shafransky	NDP	4 Maplehurst Rd., Winnipeg	R2J 1W8
RHINELAND	Arnold Brown	P.C.	Winkler, Man.	ROG 2X0
RIEL	Donald W. Craik	P.C.	3 River Lane, Winnipeg	R2M 3Y8
RIVER HEIGHTS	Sidney Spivak, Q.C.	P.C.	Legislative Bldg., Winnipeg	R3C 0V8
ROBLIN	J. Wally McKenzie	P.C.	Inglis, Man.	ROJ 0X0
ROCK LAKE	Henry J. Einarson	P.C.	Glenboro, Man.	R0K 0X0
ROSSMERE	Hon. Ed. Schreyer	NDP	Legislative Bldg., Winnipeg	R3C 0V8
RUPERTSLAND	Harvey Bostrom	NDP	Manigotagan, Manitoba	ROE 1E0
ST. BONIFACE	J. Paul Marion	Lib.	394 Gaboury Place, Winnipeg	R2H 0L4
ST. GEORGE	Hon. Bill Uruski	NDP	10th flr., 330 Portage Ave., Wpg.	R3C 0C4
ST. JAMES	George Minaker	P.C.	318 Ronald St., Winnipeg	R3J 3J8
ST. JOHNS	Hon. Saul Cherniack, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ST. MATTHEWS	Wally Johannson	NDP	418 Horne St., Winnipeg	R3G 1X4
ST. VITAL	D.J. Walding	NDP	26 Hemlock Place, Winnipeg	R2H 1L7
STE. ROSE	A.R. (Pete) Adam	NDP	Ste. Rose du Lac, Man.	ROL 1S0
SELKIRK	Hon. Howard Pawley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SEVEN OAKS	Hon. Saul A. Miller	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SOURIS KILLARNEY	Earl McKellar	P.C.	Nesbitt, Man.	ROK 1P0
SPRINGFIELD	Hon. Rene E. Toupin	NDP	Legislative Bldg., Winnipeg	R3C 0V8
STURGEON CREEK	J. Frank Johnston	P.C.	310 Overdale St., Winnipeg	R3J 2G3
SWAN RIVER	James H. Bilton	P.C.	Swan River, Man.	ROL 1Z0
THE PAS	Hon. Ron McBryde	NDP	Legislative Bldg., Winnipeg	R3C 0V8
THOMPSON	Ken Dillen	NDP	1171 Westwood Dr., Thompson	R8N 0G8
TRANScona	Hon. Russell Paulley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
VIRDEN	Morris McGregor	P.C.	Kenton, Man.	R0M 0Z0
WELLINGTON	Philip M. Petursson	NDP	681 Banning St., Winnipeg	R3G 2G3
WINNIPEG CENTRE	J.R. (Bud) Boyce	NDP	777 Winnipeg Ave., Winnipeg	R3E 0R5
WOLSELEY	I.H. Asper	Lib.	Legislative Bldg., Winnipeg	R3C 0V8

**THE LEGISLATIVE ASSEMBLY OF MANITOBA**  
8:00 o'clock, Thursday, June 13, 1974

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills; The Honourable Member for Fort Garry.

**INTRODUCTION OF BILLS**

MR. L. R. (BUD) SHERMAN (Fort Garry) introduced Bill No. 96, an Act to amend An Act to Incorporate "The Winnipeg Real Estate Board".

MR. SPEAKER: Questions; Orders of the Day. The Honourable Minister of Industry and Commerce.

**ORDERS OF THE DAY - ORDERS FOR RETURN**

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, by leave, I'd like to file the reply to Order of the House No. 43.

MR. SPEAKER: The Honourable House Leader.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker . . . Committee of the Whole to consider the Mineral Taxation Act. -- (Interjection) -- Pardon? Yes, comme ci, comme ca, actually. When we rise from Committee of the Whole House, I understand that my honourable friend the Member for Fort Garry would like leave, which as an individual in the House I'm prepared to grant, that the bill on the Winnipeg Real Estate Board be introduced for second reading. It doesn't matter whether it comes now or whether it comes after the Committee of the Whole House. Well, my guiding angel here suggests, Mr. Speaker, that leave be granted to the Honourable the Member for Fort . . .

MR. SHAFRANSKY: Garry.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. PAULLEY: . . . Fort Garry, without the interjection of my colleague from Radisson, that the possibility is that we would grant leave to the Honourable the Member for Fort Garry to process the bill dealing with the Winnipeg Real Estate Board on second reading. As far as I'm personally concerned, and I can't speak for all of the members of the Assembly, I would grant him leave to introduce it for second reading in order that it might get into Committee. So if he wants to do it . . .

MR. SPEAKER: Does the Honourable Member for Fort Garry have leave to proceed with second reading? (Agreed) The Honourable Member for Fort Garry.

**SECOND READING GOVERNMENT BILL - BILL NO. 96**

MR. SHERMAN: Thank you, Mr. Speaker, and I thank the Government House Leader, acting House Leader, members of the House.

I move, Mr. Speaker, seconded by the Honourable Member for Brandon West, by leave, that Bill No. 96, an Act to Amend an Act to Incorporate the Winnipeg Real Estate Board, be now read a second time and passed.

MOTION Presented and carried.

MR. SPEAKER: Referred to Law Amendments. The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I wonder whether or not . . . I move, seconded by the Honourable the Minister of Education, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole with the Honourable Member for Logan in the Chair.

The Honourable Member for Logan.

**COMMITTEE OF THE WHOLE HOUSE - BILL NO. 85**

MR. CHAIRMAN: Order please. Bill No. 85, an Act to amend The Mineral Taxation Act. Clause No. 6. The Honourable Member for St. James

MR. GEORGE MINAKER (St. James): Thank you very much, Mr. Chairman. Firstly, I would like to thank the Government and the First Minister allowing us to hold some of these clauses to give . . .

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MR. PAULLEY: Mr. Chairman, may I interject at this time. I believe that it was agreed that the technical advisers would be permitted to be down here. May I suggest, if they can hear what I'm saying, that they come down in order to give us the benefit of their knowledge.

A MEMBER: Very much so.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, while there is a lull in the proceedings as we await the advisers, there is one matter which I could relate to honourable members. The amendments that were moved this morning, the wording of the amendments is correct but the reference in the motion is to the Mineral Royalty and Tax Act and that is an incorrect reference. It should be to the Mineral Royalty Act, and I believe that the Legislative Counsel does have the correct wording. It's strictly a case of - how shall I say - a case of error in the mere drafting and typing thereof. So we can obtain confirmation of that, that the reference in the motion is incorrect. The wording of the amendments, however, was correct.

MR. CHAIRMAN: I thank the First Minister for that information. The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I understand that one of the reasons for the rather prolonged delay is that the Honourable Member for St. James is in consultation with the members of the Department with respect to the wording of his proposed amendment, and I assume that it will just be a matter of a few minutes and they should be back.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition) (River Heights): Mr. Chairman, I wonder, because we're covering this in not an unusual manner but a manner in which we're going to be going back and forth, while that matter is being discussed, whether we could go on to Section 23 and deal with another amendment that we would ask you to consider, and allow the Honourable Member for Riel to introduce it and to deal with it. Do you want to deal with that now or would you prefer the other?

A MEMBER: This comes first.

MR. SPIVAK: Oh, this comes first in any case. This does come first, I gather. Well, Mr. Chairman, and I hope the Honourable Minister of Finance will be in the Chamber, this is an amendment that follows the agreed procedure with respect to the Mining Royalty Tax, with respect to the exercise of Cabinet discretion, by regulation, where there is an alteration. Mr. Chairman, I wonder if I can allow the Honourable Member for Riel to . . .

MR. CHAIRMAN: Order please. I wonder if the honourable members that are holding the caucus meeting over in the corner would go outside and do it. It's very difficult for the Chair to hear what the honourable member is saying, I don't know about the rest of the Chamber.

MR. SPIVAK: Mr. Chairman, the principle that we're concerned about and we dealt with in the Mining Royalty Tax, was the ability of Cabinet by Order-in-Council to be able to vary, in effect, the rate of tax or rate of royalty, without reference at one point back to the Legislature where the ultimate power lies, recognizing that in between sessions it's not possible unless a specific session was called, and the compromise reached in the Mining Royalty Tax was a compromise which provided for the procedures included in this particular amendment, which was to provide that, if in Session, it would have to be brought in within a certain period of time, I think within four days, and have to be dealt with by resolution within a two-day period by way of debate. Similarly, with respect to in between session, it would have to be provided at the next session within 90 days. And it's a procedure, Mr. Chairman, that I would recommend as one which should be followed as a matter of practice, so that in effect the legislative authority is being -- or the residual power with respect to the legislative authority is still with the Legislature and still allowed the Cabinet the ability to have discretion under certain situations, and particularly in these situations where windfall profits is one concern with respect to the kind of legislation that's being introduced.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, while we have certainly listened to representations from honourable members opposite with respect to the sections of this bill and in a number of cases we have certainly been prepared to seriously entertain the certain amendments, this is one amendment, however, that I do not feel is justified and which I do not see how the Lieutenant-Governor-in-Council could accept, for the reason that it is not as though the setting of

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(MR. SCHREYER cont'd) . . . . . royalties by regulation under the Mineral Taxation Act is a new concept. It has been in force in this province for approximately 20 to 22 years and we do not propose to change that now. The idea that the Legislative Assembly should have an overriding interest and control in the matter is of course an idea that we accept, that is in the very nature of our parliamentary system, and it is open to this Legislature to bring, by way of substantive motion, any motion that bears on the matter of royalties and royalties as determined by regulation. I feel that this amendment merely rigidifies and puts into a rigid time frame something which is open to this Legislature in any case, and accordingly it would be, I feel, a departure from at least 22 years of practice and it would be a departure really from our understood system of government to accept an amendment that would require, within X number of days after the convening of a Session, of a particular regulation, otherwise it loses its validity. Having said that, I repeat that it is not undesirable and it is perfectly open to this Assembly to bring before the House, to bring before itself, any regulation - and that includes any regulation on royalties and royalty changes.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Chairman, I think the motion really should be on the floor so that we can see what it is, and I presume it's in order because it doesn't deal with taxation; it actually deals with procedure.

MR. CHAIRMAN: What portion? It is my understanding -- just a moment please. We have deferred from this morning's sitting, Clauses 6, portions of Clauses 8, 11, 14 and 16. Which portion of the bill?

MR. CRAIK: 11.

MR. CHAIRMAN: 11. Well then, could we deal with 6 and 8 and then we'll come to that portion. -- (Interjection) -- I'm sorry, I didn't hear the honourable member.

MR. CRAIK: I think we're jumping around because we aren't ready on all the other ones, Mr. Chairman.

MR. CHAIRMAN: Oh, I see

MR. CRAIK: So if you want to deal with it - it deals primarily with procedure and not with actual tax itself, and it deals really with the powers of the Lieutenant-Governor-in-Council as opposed to powers delegated to the Chamber itself. So, Mr. Chairman, I think that procedurally I should read the motion and, if necessary, put the question.

The motion, I would move, seconded by the Honourable Member for Virden, that Section 23 of the Mineral Taxation Act, as set out in Clause 11 of Bill 85, be amended by numbering the section as subsection 23(1) and by adding thereto, at the end thereof the following subsections .

Restrictions on amendments to Schedule D.

23(2). Where

(a) the Lieutenant-Governor-in-Council makes a regulation under Clause 1(c) amending Schedule D when the Legislature is in session, unless the regulation is ratified by resolution of the Assembly before the expiration of the 3rd day on which the Assembly sits after the date on which the regulation is made, the regulation ceases to have effect on the 4th day on which the Assembly sits after the date the reduction is made; and

(b) the Lieutenant-Governor-in-Council makes a regulation under Clause 1(c) amending Schedule D when the Legislature is not in session, unless the regulation is ratified by resolution in the Assembly within 90 days after the beginning of the next session of the Legislature, the regulation ceases to have effect on the 91st day after the beginning of that next session of the Legislature.

23(3) Where, under Clause 2(a) a resolution is introduced in the Assembly to ratify a regulation made under Clause 1(c) amending Schedule D, the Assembly shall proceed to debate the resolution forthwith and the Speaker

(a) shall not accept any motion in the Assembly to amend the resolution, to adjourn a debate on a resolution, or to defer consideration of the resolution; and

(b) shall call a vote of the members of the Assembly on the resolution not later than 30 minutes before the time on which, on the date the resolution was introduced, the Assembly would adjourn, under the Standing Rules and Orders of Proceedings of the Assembly, and no member shall speak for more than 20 minutes in the debate on the resolution.

MR. CHAIRMAN: The Honourable First Minister.

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MR. SCHREYER: Mr. Chairman, it's my understanding of the Rules that an amendment to a bill of this kind, which is really a revenue and taxation measure, must perforce be introduced by a member of the Treasury Bench in order for it to be in order.

MR. PAULLEY: So therefore it's out of order.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, on the same point of order, I point out that what we're dealing with here is not taxation, but dealing with procedure for the introduction of tax changes, and I readily agree with the First Minister that only a member of the Treasury Bench can introduce a change in taxation, but Mr. Chairman, this deals only with how taxation change is brought in.

In the clause referred to, the Government is asking for the right to set levels of taxation solely by Order-in-Council without reference to the Chamber, and Mr. Chairman, what this resolution does is say that the Lieutenant-Governor-in-Council can make the change by Order-in-Council but it has to be ratified in the Chamber at a subsequent date. It says that if the Session is sitting, if the Chamber is in operation at the time, then the change must be brought in within a certain time period. If the Chamber is not in session, the Legislature is not in session, it sets out also the time frame following the beginning of the session when those changes must be brought in.

Now, these are in keeping with the changes that were made in the Mining Royalty and Tax Act, and it's brought in because the levels of taxation that are being talked about are very substantial. They represent a large income to the Province of Manitoba. If you look at Mining Royalty and Tax Act, it itself represented, I would think, about 40 percent of the amount of money that the sales tax itself brings in. This one will of course be less, but nevertheless it's still a substantial amount of money that is to be brought into the Province of Manitoba that we're dealing with. So, Mr. Speaker, it's simply a question, not of the Opposition setting rates of taxation, it's a question of how taxation rates are set in the Province of Manitoba, and this resolution, or alteration to Bill 85, says that changes should be referred to the Assembly for approval. They're substantive, they're important, and therefore should come to the Legislature for their discussion, debate and ratification before they receive the force of law referred to in Section 23 that's in Bill 85.

MR. CHAIRMAN: The Honourable Acting House Leader.

MR. PAULLEY: Well, Mr. Speaker, I must differ with the contention of the Honourable Member for Riel. The Lieutenant-Governor-in-Council has certain responsibilities dealing with taxation and imposition of taxes on the taxpayers in the Province of Manitoba. In my opinion, and I'm not of the legal profession but I am a member of -- that's right; the Honourable Leader of the Opposition claps his hand, and thank God that some of us have some intelligence without being members of the legal profession. What I would suggest, Mr. Chairman, is that the purport of this resolution would prevent the Lieutenant-Governor-in-Council, by regulation, of dealing with the effect of taxation approved by this Assembly, and I think that in accordance with parliamentary procedures and traditions in the past, the Lieutenant-Governor-in-Council should not have his hands tied by a resolution or an amendment as proposed by the Honourable Member for Riel, and I suggest to you, Mr. Chairman, that you should consider that point and rule as to whether or not this is within order.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Chairman, I think that I would like to draw to the attention of the House our rules, Beauchesne's 4th Edition, Rule 265, which says, "No member, other than the Minister of the Crown, may introduce a bill for the reduction of duties," and I don't think that there is any quarrel with that particular responsibility on the part of the Government. But it goes on further to say, "The Government must take full responsibility for the taxation levied to provide the revenue." And again, we don't quarrel with that. Then it goes on to say, "but the House enjoys complete freedom to make every representation possible to the Government with regard to the manner in which the Minister discharges this responsibility." And it seems to me that the amendment that is now before the House is in keeping with that particular provision of our rules. "This duty the members may perform by moving amendments to reduce taxes proposed by the administration."

Sir, it seems to me that the provision is very clear, that the Opposition does have the right under this provision of our rules to move such an amendment. It goes on further to

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(MR. JORGENSEN cont'd) . . . . say - subsection (2) of citation 265 - a bill to authorize the assessment of the salaries or incomes of certain persons in the service of Canada ruled out of order because it did not emanate from the Government and had not originated in Committee of the Whole, and I would concur with that. But I want to draw the Chairman's attention to the second portion of citation 265, which says, "but the House enjoys complete freedom to make every representation possible to the Government with regard to the manner in which the Minister has discharged this responsibility." And then I want the House Leader to take particular note of this next sentence which says, "This duty the members may perform by moving amendments to reduce the taxes proposed by the administration."

MR. CHAIRMAN: The Honourable Acting House Leader.

MR. PAULLEY: Mr. Chairman, I appreciate the matters raised by the Honourable the Member for Morris, and he has dealt with citation 265; and there are certain directives - and I acknowledge that - in 265, but I would like to refer you, Sir, to citation 250. If we look at that, there is the indication that the wording of this section makes it compulsory for the Governor-General - in our case, of course, the Lieutenant-Governor - to consult his ministers or at any rate privy councillors, before recommending to the House an expenditure sought by a private member. "His Excellency, by giving his recommendation at the request of a private member, without or in spite of his cabinet's consent, would show lack of confidence in the Prime Minister" - and of course in our provincial jurisdiction, the First Minister. "If any motion of bill or proceeding is offered to be moved, whether in the House or in the Committee, which requires but fails to receive the recommendation of the Crown, it is the duty of the Chair to announce that no question can be proposed upon the motion or direct withdrawal of the bill, in like manner, after the question has been proposed on an amendment, and it has appeared that the amendment would vary the incidence of taxation," and I suggest in all due respect, the motion -- will you hear me out?

MR. CHAIRMAN: Order please.

MR. PAULLEY: I wonder if my irascible friend, the Leader of the Opposition, would allow me to continue to read the citation for his edification? "--and it has appeared that the amendment would vary the incidence of taxation or increase the charge on the Consolidated Fund, the Speaker has declined to put the motion." And that is the point I am raising to you, Mr. Chairman, in accordance with citation 250 as against 265.

MR. CHAIRMAN: The Honourable Member from Morris.

MR. JORGENSEN: That principle is acknowledged by this side of the House and it is acknowledged in citation 265. The portion of 265 that I am citing to the Minister he has completely ignored, and that is which - and I repeat it for his benefit - that is which says that the House enjoys complete freedom to make every representation possible to the Government with regard to the manner in which the Minister has discharged this responsibility. This duty the members may perform by moving amendments to reduce taxes proposed by the administration.

Sir, I submit that the present motion being proposed by this side of the House is in complete conformity with the provision of citation 265.

MR. PAULLEY: Mr. Chairman, may I go on further? In the citation that I am quoting, in Beauchesne No. 4, to section 2 of 250 "that an abstract resolution does not finally bind the House to make the grants and it imposes upon the Government the responsibility of either accepting or rejecting the recommendation." Now the precise motion that has been presented, as I understand it, by the Honourable the Member for Riel, is not in the general context of being an abstract resolution but rather a positive, and I suggest to you, Mr. Chairman, that that should be taken into consideration on this resolution.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: The citation that the House Leader is quoting from deals with concurrence - concurrence on money resolutions, and the citation that I am dealing with, citation 265, deals with amendments to legislation that is being proposed by the House, and the legislation that is being proposed by the Member for Riel is one that, in my opinion - and I won't bother to recite it again - is in complete accordance with the provisions of citation 265.

MR. PAULLEY: Well I suggest, Mr. Chairman, to my honourable friend the Member for Morris - and this is one of the troubles we have from time to time in interpreting May's, Beauchesne, and other experts in the rules - there is apparently a conflict between 250 and 265. My honourable friend is relying on his case insofar as 265 is concerned, I'm suggesting that

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(MR. PAULLEY cont'd) . . . . . 250, which comes before 265, has its precedence and I suggest to you, Mr. Chairman, the decision is yours.

MR. JORGENSEN: Mr. Chairman, I cannot accept the principle that simply because citation 250 comes before 265 that it in effect has precedence over 265. I simply say that there is a difference in the two citations. One deals with concurrence in money resolutions, the other one deals with amendments to existing legislation being proposed by the Government, and I think that under 265 we're dealing with the real issue that we have before us right now, an amendment to a money bill which, under the provisions of citation 265, is completely in order.

MR. CHAIRMAN: The Honourable First Minister on the same point of order.

MR. SCHREYER: Well, Mr. Chairman, we seem to have encountered a point, perhaps a fine point in the rules, in which there are at least two and possibly more citations of Beauchesne that seem to have relevance and which are in conflict one with the other. On listening to the argumentation as between the Member for Morris and my colleague the Honourable the Minister of Labour I really must say that I tend to agree with the Minister of Labour, but perhaps we can avoid the problem, Sir. I'm advised that the subject matter of the proposed amendment is such as to create no new precedent, that in fact just on Monday last we accepted almost the identical wording - in fact, in principle, the identical wording - with respect to the Mining Royalty and Tax Act - just Monday last. This has no bearing on the Mines Act which is yet another Act, a third Act, which bears on the matter of royalties, and that is one where my colleagues and I would be most intransigent (And I use the term advisedly) in agreeing to any such amendment, because there is a past history of procedure there with respect to authority of the Lieutenant-Governor-in-Council with respect to regulations. So that without really resolving, and I don't think we have to resolve the argumentation on the fine point of Beauchesne, that this amendment, since it creates no precedent, is acceptable, and accordingly we could settle the matter by simply obtaining leave to move the amendment just as it is presented here in written form, and if that's agreed then we need not resolve the point of Beauchesne's conflicting citations.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: As a matter of fact, Mr. Chairman, it may very well be that we should establish precedent but my remarks really are not based on the issue . . .

MR. CHAIRMAN: Is the honourable member speaking to the same point of order?

MR. SPIVAK: Yes well really the same point of order, to simply indicate that I think in the acceptance of this, in the acceptance of the suggested change in the Mineral Royalty Tax Act, that we have -- (Interjection) -- Well, not the Mines Act yet. Well, that's not before us. I think, though, that the principle with respect to Cabinet discretion regarding tax matters having to be placed before the Legislature for its debate and for its approval is one in terms of the residual legislative power that rests within this Legislature, is one that we should be very jealous to guard, and I accept what the Government is doing now in accepting this amendment in the spirit that it's being accepted, and I think this is very important procedure to follow and one which I would hope would be included in other Acts, possibly even some that the Minister has included.

MR. PAULLEY: Mr. Chairman, I'm prepared to accept this but I want to give the admonition to the House, and in all due respect to my Premier, I as an old traditionalist realize that once a precedent has been established it becomes a rule of this House and I object to that and I would suggest, I would suggest this matter, as indeed one or two other matters will be referred to the Committee on the Rules of Procedure and the likes of that of this House. I am prepared at this stage to go along with the suggestion of my leader but I do want it established as a member of this House that this is not construed as establishing a precedence for future conduct in this House.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I accept the so-called admonition on the part of the House Leader. I think that the Rules Committee is going to have a very heavy schedule ahead of itself in dealing with the many conflicts in our rules that have arisen from time to time. I think that the House Leader has a good suggestion when he says that there are times when it may be advisable to set our own set of rules with regard to the matters that do arise from time to time, and I rise only for the purpose of hoping that the Clerk has noted this particular

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(MR. JORGENSEN cont'd) . . . . . disagreement and that it can be discussed when the Rules Committee meets during the course of the next session - between the next session.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, really what I am proposing will meet the comments made by the Honourable the Acting House Leader. We really will not be setting any precedent in terms of rules of procedure because I would propose that by leave that I be permitted to move this amendment to Section 23. I gather there is that willingness. (Agreed)

MR. PAULLEY: Agreed with a caveat.

MR. SCHREYER: That being so, then Mr. Chairman, I would move, THAT section 23 of The Mineral Taxation Act set out in section 11 of Bill 85 be amended by numbering the section as subsection 23(1) and by adding thereto at the end thereof the following subsections:

23(2) Where (a) the Lieutenant-Governor-in-Council makes a regulation under clause 1(c) amending Schedule D when the Legislature is in session, unless the regulation is ratified by resolution of the Assembly before the expiration of the third day on which the Assembly sits after the date on which the regulation is made, the regulation ceases to have effect on the fourth day on which the Assembly sits after the date the reduction is made; and

(b) the Lieutenant-Governor-in-Council makes a regulation under clause 1(c) amending Schedule D when the Legislature is not in session, unless the regulation is ratified by resolution of the Assembly within 90 days after the beginning of the next session of the Legislature, the regulation ceases to have effect on the 91st day after the beginning of that next session of the Legislature.

23(3) Where, under clause 2(a) a resolution is introduced in the Assembly to ratify a regulation made under clause 1(c) amending Schedule D, the Assembly shall proceed to debate the resolution forthwith and the Speaker

(a) shall not accept any motion in the Assembly to amend the resolution, to adjourn the debate on the resolution, or to defer consideration of the resolution; and

(b) shall call a vote of the members of the Assembly on the resolution not later than 30 minutes before the time on which, on the date the resolution was introduced, the Assembly would adjourn under the Standing Rules and Orders of Proceedings of the Assembly; and no member shall speak for more than 20 minutes in the debate on the resolution.

Mr. Chairman, I merely indicate that we are setting no precedent here in the sense that this is being moved by a member of the treasury bench. Secondly, we are substantively setting no precedent because the same subject matter was agreed to with respect to the Mining Royalty and Tax Act on Monday last.

MR. CHAIRMAN: Clause 11 (23) (1) -- The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, just give us an opportunity with the Legislative Counsel on this one.

The Legislative Counsel drafted this for us following the resolution that was passed and there was a change in the resolution and there is a change that was intended here if it was to conform with the other, and I wonder if the Legislative Counsel would be in a position to indicate this. He drafted it based on the precedent that's been set and -- (Interjection) -- Yes. Well the present -- I wonder if the Legislative Counsel would come here for a second. The change would be - what was considered at the time was that this resolution could be introduced on a Wednesday and in effect there would not be the time for the debate, so the procedure was that it would be no later than 30 minutes before the time on which, on the second day on which the resolution was introduced. That is the way it was worded in past in the other Act and he was to follow the procedures but he went back to the original resolution not the amended resolution. I think if the Premier is in a position to amend it then it would conform exactly.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I understand that someone has been sent to obtain a copy of Bill 77 which now has the version that I'm sure can be agreed upon. In the final analysis what seems to be at issue is the question of perhaps two hours of debate. -- (Interjection) -- One whole day, one whole day?

Now I say quite frankly, Mr. Chairman, that I have some misgivings about the idea that we should be embodying in statute law on a taxation measure something which impinges perhaps not drastically but impinges nevertheless on House rules and procedures. It is a rather

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(MR. SCHREYER cont'd) . . . . . unorthodox way but I don't believe it is - how shall I say - it is not crucial or fatal by any means, but it is the kind of thing that ought to be resisted you know, that ought to be looked upon with considerable skepticism. I understand the argument of honourable members opposite. There is some reason here why they would want to buttress a right, which is theirs in any case I repeat, because the Legislative Assembly honourable members opposite well know simply cannot be denied, regardless of whether it is in statute law or not they cannot be denied the opportunity to debate a measure at some point in any session. It can be brought forward as a grievance motion, as a substantive motion, on a budget address, on a Throne Speech address, there are many ways in which this Assembly can summon unto itself consideration of any matter that it considers to be of significant importance. That being so I don't regard this as harmful, I regard it as unorthodox and something that ought to be avoided at almost all the time.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, in the Estimates of Revenue, if you look at them, the amounts that come in, the really substantive taxation that is levied by the province is taxation that's agreed to by the Chamber, and it's agreed to by way of Act and not by way of granting authority to the Lieutenant-Governor-in-Council; and this motion that's here says that the Lieutenant-Governor-in-Council may set the rate but has to come back and have that rate approved by the House.

Now just to go down some of the taxations that are set by the House, the ones that we've already dealt with at this session for instance - gasoline tax, \$45 million; motive fuel tax, \$9.4 million; and tobacco tax, \$13.5 million; revenue tax, \$125 million; mining royalty tax - now that one has the provision that this one has. But if you go down all the list the substantive taxation measures taken by the province are those that are set by the Legislature and not simply by Order-in-Council. So what is being requested here is not for the Legislature or a member of the opposition to set the tax, simply to require a substantive tax measure to come back to the Legislature on a year in which it is set.

Now I would think that probably it's not going to be changed every year. It may be changed every several years and in which case it's not going to be back here every year. It simply says that when it is changed it will come back to the Legislature.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I wouldn't want to take the time of the House to argue with the Honourable Member for Riel as to the sort of theoretical ideal as to how taxation matters of this kind ought to be summonable before this Assembly. I simply point out to him that in a sister province which has an administration that is perhaps more ideologically in tune to him they have introduced a series of tax measures which provide for a plenitude of authority to set by regulation and change by regulation the levels of royalties and taxation and there is no provision in their statute law, Sir, for those measures to be brought before the Assembly on set or given days. Nevertheless because we are dealing with an Act here, which I confess hitherto has not granted authority to Lieutenant-Governor-in-Council to determine by regulation levels of taxation there is really no point and it would be picayune I suggest for us to resist the suggestion.

I have already by leave introduced the amendment; the Leader of the Opposition has suggested that there was one refinement. I have checked with the Legislative Counsel; the refinement can easily be made by inserting the words "following the day" - and that would come in the fifth last line. So therefore, Mr. Chairman, again by leave, in the fifth last line of the amendment that I would move that Section 23(3) (b) in the fifth last line thereof be amended by adding after the word "date" the words "following the day", and I believe that that takes care of the matter quite well.

MR. CHAIRMAN: Clause 11 -- the Honourable . . .

MR. PAULLEY: Mr. Chairman, I just want to reiterate what I said. I have no objections to the proposal. I do want to draw to the attention of the House the dangers of establishing precedence. We had a precedence the other day dealing with another bill and we are using that precedence in this particular bill. I say this in all deference to my colleagues on this side of the House and to that side of the House as well, the danger of establishing precedence which becomes the rule of order and I understand that this matter will be given consideration by the Committee to consider the rules. Because it is established in our own rules that notwithstanding Beauchesne or Mays or any other authority insofar as rules of procedure are

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(MR. PAULLEY cont'd) . . . . concerned, that once a precedent is established by this House it supersedes all other authorities.

I just want to indicate to the House that there is a danger in this being done. The Honourable the Leader of the Opposition the other day and the representative of the Liberal Party did make some contribution as to the length of my service in this House. I would hate like heck, as it may appear that my participation in the process of democracy may not be too long from now on out, I want to admonish the members of this House not to accept or to establish precedents that at some stage they will not be able to live with; and I think that I have the agreement of my friend the Member for Morris that at the next meeting of the Rules Committee this will be taken into consideration. So I suggest for the expediency of the House at this particular time we accept the proposition but we take it into consideration as not establishing a precedence for all time as to the conduct of this House.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: I don't want to take up further the time of the House other than to say that insofar as I am concerned Rule 265 does not in any substance create a precedent; it is one that is well established, and that's the rule that I think that we're following at this time. I am the last person in this House, in this Chamber, that would want to establish bad precedence and I think that the Acting House Leader is going to find out during the course of - I can't say during the course of this session because it's almost at its end - but during the course of the remaining years that he spends in this Legislature - and I hope there are many - that there are some precedents that have been established that are bad and the chickens will come home to roost, and I hope that the Rules Committee can deal with these matters so that we can have our own set of precedents and our own set of rules.

MR. CHAIRMAN: (Clause 11 was read and passed - as amended) Go back to Clause 6. The Honourable Member for St. James.

MR. MINAKER: Thank you, Mr. Chairman. I would first like to thank the Government and the First Minister for holding the certain clauses this morning when we were dealing with the question of the incremental tax that's included in this Act, particularly an event that when a meeting was held with the Honourable Minister of Mines and Natural Resources and the administrators from the tax department and the Mines and Natural Resources Department, the meeting was interrupted by a call for ayes and nays in the House and we didn't get the full opportunity at that first meeting to talk over the various items in the Act and we were able today with the First Minister and the honourable colleague from Virden to discuss with the department people certain questions that have arisen in the debate. And if I might take a few minutes of the House's time to explain those particular items which were discussed during the meeting and clarify some of the questions that have arisen in the debate.

One of the questions that arose was who would be collecting the tax, and it's my understanding at the present time the owner of the mineral rights, the lessor, is responsible for the collection of the taxes that exist as of today with the producer paying the tax to the lessor; and with the amendment changes in the Act which were not noticeable in two or three readings of the Act, that this will be reversed, that the producer, the lessee, will now be collecting the tax; the incremental tax and the base tax, and paying it to the Government. And I have been assured, it's my understanding and I believe the First Minister will confirm this, that the Legislative Counsel has advised that the way the Act is written that it will provide this vehicle for the producer to collect, with hopefully not producing any legal action against him, because of contracts he may have with the owners of the mineral rights. After the discussion in this regard, it is our understanding that by this legislative change the producer will have the power, the legal authority, to retain and collect that portion of the \$2.69 increase prior to the payment of the royalty to the owner of the mineral rights, and we have reviewed this with the small producers in the area and they are at least relieved to some degree that they will not have to pay the full royalty to the mineral right owners, but will at least be able to deduct the tax that will be legislated with the passing of this Act if it should occur.

The other area that was discussed, Mr. Chairman, was the definition of wellhead prices, and it is my understanding that under the present administration as well as the former administration of the Progressive Conservative Government, that a wellhead price for those small producers that are not connected to the pipeline, the wellhead price is calculated out when the 8-mill assessment was put on the total production for the year, the existing tax that we have

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(MR. MINAKER cont'd) . . . . . today, that the wellhead price was calculated out by the Department officials as being the field price less the transportation costs in order to get the oil to a terminal point that was hooked to the pipeline; and this becomes a very important factor in this legislation that is being proposed here today, Mr. Chairman, because the majority of the small producers - and I might add, I believe the majority of who live in Virden - have, or are not connected to the pipeline and are faced with costs anywhere from 30 cents per barrel to 72 cents per barrel to transport this oil to, I believe, the Cromer station, or Cromer terminal point, which is connected to the pipeline, and if we are to assume that the present policy, prior to passing of this legislation, will be continued, that these particular producers, these small producers that live in the general area of Virden - I believe the majority of them live there - that the tax will be applied to the field price less their transportation costs, because this makes a significant difference because the more major producers who are hooked to the pipeline will be paying the incremental tax charge on their field price, which in fact is the wellhead price; whereas the smaller producer, if we do not follow the present policy, would be paying the tax on a wellhead price that includes the cost of transportation.

So I would hope, Mr. Chairman, that the First Minister would give this consideration, and I would very strongly request of the First Minister that an amendment go into the Act that would define the practice that takes place today in calculating out these taxes. It's sort of an accepted type of policy but nowhere is it written in the Act, but it becomes a very important factor because of the legislation that is before us at this time.

Mr. Chairman, in addition, I would like to comment that when the incremental tax is calculated out on a new well - this is a well that would come about from discovery after April 1st, - that the Government has included in the schedule some degree of initiative to encourage the producer to go out and explore for new wells, and in turn would bring a revenue into the people of Manitoba and also make us hopefully less dependent on our neighbouring provinces of Saskatchewan and Alberta for oil. But what concerns us, Mr. Chairman, on this side, is the fact that when one takes into consideration in talking with the producers in the oil industry, today one cannot drill for a well that will not produce less than 30 barrels per day. Economically it's not feasible. And when we calculate out what value the producer will get for a new discovered well, we find that if we apply the complicated formula that's in the Schedule C, and if Mr. Chairman - this is an important point - if we take off the transportation costs, and I know of one producer who is in the Virden area, the wellhead price is \$6.39, or the field price is \$6.39, and he has a cost of transportation of 30 cents a barrel, if we use that figure of \$6.09 and apply the incremental tax for a well over 30 barrels, that we get \$1.26 tax, we get the 3 cent tax for the base royalty or base tax, and I believe we get a mineral right paid to the owner of the mineral rights of 17 cents, we end up with \$1.46 of the \$2.69 increase. So the producer who's producing the well will get \$1.23 per barrel more than he did before. But if we add that to our present wellhead price of \$3.69 which existed prior to April 1, 1974, we get a value of \$4.92 per barrel for a new well that's producing 20 barrels a day or more, and we know from the industry that you have to at least produce 30 barrels per day, then we understand, if what we can read in newspapers is correct and I believe the majority of the time they are, that there was a release in the Globe and Mail of April 18, 1974, in regard to the policy that was being proposed by our neighboring province of Saskatchewan, and in this article it says, "Saskatchewan to offer new oil development incentives" and it indicates in one of the paragraphs: "Under the December legislation, oil producers would be restricted to get \$3.08 on the average for each barrel of oil." It goes on to say that "under the exemptions from the provincial surtax, Mr. Cowley said the producer of light crude oil, newly discovered in the Weyburn-Estevan area, would be able to keep \$5.25 to \$5.55 a barrel at a price of \$6.50."

Now, Mr. Speaker, with the legislation that we have before us, if we have one of our producers in Manitoba go out and discover a new well, he'll be able to keep \$4.92, whereas if he hops across the border, 10 miles across the border in the Estevan area, he will be able to keep \$5.25 to \$5.55 a barrel. Now, Mr. Speaker, this is one of the concerns that we have on this side, that we will have competition from not only Saskatchewan but also, if he decides to hop across the border into North Dakota, he will get I believe \$8.15 a barrel; and we are concerned, Mr. Speaker, as we are about the development of our North, we are also concerned about the stability of our southern region and our southwestern region, and we would hope that an industry that has helped the southwest corner of our province to thrive would continue to

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(MR. MINAKER cont'd) . . . . grow and continue to be able to compete with Saskatchewan, as well as with our neighbours to the south, and I would hope that the Government would give consideration to this fact that Saskatchewan is giving \$5.25 to \$5.55 a barrel for newly-discovered oil whereas when we apply the formula, and I know I am applying it correctly now that we have understood the workings of the tax department - which I might add was not, in my opinion, clearly written into the Act - that they will receive \$4.92 a barrel in Manitoba and I would hope that some consideration would be given to this because I believe - and the Honourable Member from Virden can correct me if I am wrong - that there were some 2,500 well permits taken out during the oil boom in the Virden area between the beginning and the present time, and there were approximately 800 wells producing oil at one time.

So you're talking about drilling three wells before you get one that pays, one that produces oil, and with today's prices, Mr. Chairman, it costs you roughly \$30,000 a dry well, and if you happen to strike one that will produce oil it costs you another 20,000 to equip it to produce the oil. So you're looking at probably an investment of \$110,000 for the discovery of a new well if we go by past averages, so we appreciate that, with the legislation that's before us, it makes it very marginal for a producer that exists in Manitoba, or for a new one to come in, to invest his money with the legislation that we have before us, and that we will have competition from Saskatchewan. It's obvious right there, there's probably in the neighbourhood of a 63 cents per barrel difference for a new discovered well, that that will encourage the money and that we will probably have little or no exploration in the southwest corner of our province - which again would relate back to the original question that I asked of the First Minister last night and I believe the Honourable Member from Birtle Russell requested: is it the intention of the Government not to encourage the development of oil production in Manitoba, so that they in turn can decide at what time in the future they would get into the production themselves.

Mr. Speaker, we have to be satisfied, the Conservative Party has to be satisfied that the money that is being skimmed off of the producers and the owners of the mineral rights in our province are going back to the consumers, and why I say that, Mr. Chairman, is that if one does a simple calculation on the revenue statements that we discussed during the time of the approval of the budget, under the Gasoline Tax we have shown a revenue of \$45 million and under the Motive Fuel Tax we have, I think, somewhere in the order of \$9 million - I could be off by half a million or so. But if we do the simple mathematic multiplication of a reduction of two cents per gallon for both types of fuels, which the First Minister made a statement on that the Government would be providing as of July 1st, we show a reduction for this year of roughly \$5 million in the fuel tax and we show a reduction of about \$800,000 in the motive fuel tax - less than \$6 million, Mr. Chairman, but that is only for three quarters of the fiscal year, because it does not come into effect until July 1st and our budget shows it from March 31st until the following March 31st, so we are probably looking at somewhere in the order of -- three quarters of \$6 million reduction is, what? \$4-1/2 million.

But, Mr. Chairman, the Minister of Mines and Natural Resources, when he introduced this bill, said that we would benefit, the people of Manitoba would benefit by \$8 million at least, and not only that, it goes for the full fiscal year. It starts on April 1st. So, Mr. Speaker, the Progressive Conservative Party wants to know where that some 2-1/2, 3 million dollars is, and we cannot support legislation which will take a tax from a producing industry more than it's giving back to the consumer of the product of that industry. And Mr. Chairman, we would like to know; and we'd like the answers before we make the decision on voting against or for this particular bill, where is that money? Because if it means that there's two or three million dollars going somewhere else, and it means that the exploration and development of the oil industry in Manitoba will diminish to nothing, and it means that the people in Virden and the southwest corner are not going to have the continual buoyant economy that we've all experienced, then why should the southern region not have the same concern as we do have for the northern region? And, Mr. Speaker, we would like to know from the First Minister and the Government where are those dollars going, because the Minister of Mines and Natural Resources said it, that at least \$8 million would be going back to the people of Manitoba. Yet when we look at the revenue statements that we have, there's three quarters of \$6 million going back this year \$4-1/2 million, so there's a discrepancy of some \$3-1/2 million; and if the Alberta and Saskatchewan Governments can give a greater decrease in the gas tax to their people, why can we not give the same?

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(MR. MINAKER cont'd)

Mr. Speaker, I would hope that the First Minister will give us the answers. I hope he will give consideration to some amendment that will show that the calculation for those small producers of wells not connected to the pipeline will be on the basis of the field price less the transportation costs, so that they will not have a heavier burden than the bigger producers that are connected to the pipeline.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, the Honourable Member for St. James has spoken at some length, and most of what he said I think lends itself to being agreed with. It's a pity therefore, that he spoiled an otherwise rather logical address with one or two statements which I believe to be completely untenable and vulnerable in the extreme. So may I say at the outset, Mr. Chairman, and I will try to confine myself to just a few minutes, that largely what the honourable member has indicated I think can, after some reflection and consideration, be agreed with. But three points, however, Mr. Chairman, I would like to register disagreement with, register a caveat on; the suggestion first of all that there is something novel about having the beneficial owner rebate to the Crown an amount that is a tax, or equivalent to a tax in dollars, and collecting that in turn by arrangement with the ultimate owner, or the person having the freehold interest; that is not by any means a novel concept in law or in practice. As a matter of fact I'm advised by officials of the department that it is by no means new, it has been going on for some period of time, that a producer or a beneficial owner, as lessee is collecting - rebating and then collecting from the ultimate or freehold interest owner. So that's one point I make for the record.

The second caveat or disagreement I wish to register is that the Honourable Member for St. James suggests that there is something unseemly, that there is something wrong with the Crown levying a particular tax, the proceeds of which are greater than the amount which we are going to rebate to the consumer or the motoring public. You know, that, Sir, really comes as a surprise to me. Now it is true that we have given a commitment I believe as early as April that whatever the proceeds from the tax on the incremental value in oil production, whatever those be, that we would not retain those revenues in the consolidated revenue or the public purse, but rather conduit or channel them through to the consumer or the motoring public of this province. We've given that commitment and we certainly intend to honour it and that is already in fact provided for in law through the amendments we are making to the Motive Fuel and Gasoline Tax Act.

What my honourable friend is suggesting is that it must balance out, it must equate to the nearest dollar and cent, otherwise we are somehow doing something wrong. I find that extremely strange coming from a member of a party that is the same in title and name, if not in ideology, as the party that is the Government of the Province of Alberta. Because there, Sir, it is true that they are rebating, or reducing actually, they are reducing the motive fuel and gasoline tax levels by something in the order of five or seven cents per gallon. That I roughly estimate to be, Mr. Chairman, something in the order of, aggregate of about \$40 to \$60 million.

But, Mr. Chairman, that is \$40 to \$60 million as compared with additional revenues to the Crown in Alberta as a result of incremental taxation on the increase in oil of something in the order of 700 million. If we use the Honourable Member for St. James's reasoning, then it follows that what behooves the Government of Manitoba to do is a matter of moral obligation then clearly applies to the Province of Alberta. That being so they would have to use all \$700 million to reduce the taxation on diesel fuel and gasoline; which, Sir, is patently impossible because that would reduce the tax to zero and in fact there would be a negative tax or a rebate to the individual citizen of Alberta, the motorist, by something in the order of, oh, take a guess, \$500 to \$1,000 apiece. -- (Interjection) -- That is precisely what he has suggested because the Honourable Member for St. James . . .

MR. SPEAKER: Order please.

MR. SCHREYER: . . . Mr. Chairman, suggested that there was something wrong, something tricky if the Province of Manitoba withheld a single dollar of the revenue as a result of this incremental tax without passing it on to the motoring public.

Well I hope I misunderstood the honourable member because that principle simply is untenable, it is one that is mathematically untenable in at least one sister province and possibly

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(MR. SCHREYER cont'd) . . . . even in the Province of Saskatchewan. What we have done is adopted a common sense policy. No particular sophistication to it. There is no suavity to it. It is just good common sense. That the incremental revenue to the Crown as a result of an incremental tax on a windfall increase in oil will be turned aside and channelled to the motoring public. And that roughly, Mr. Chairman, would be in the order of, magnitude of about \$7 million a year, give or take; and we are, as a result of this formula, going to realize additional revenues of about \$7 million give or take. It will not balance out to the nearest dollar. In fact it will not balance out to the nearest million dollars, but it will balance out to the nearest two million, and therefore there is no question but that it is equivalency of amounts, with a margin of error -- a margin of error that any reasonable person would acknowledge as being quite acceptable. If we have misestimated here to any significant extent there is no problem in holding any excess funds in a kind of unwritten informal account which will be available at some future year to balance off any equivalency.

The honourable members know that July, 1975, thirteen months from now, in all probability the provinces of Canada and the Federal Government will be again at a table discussing, as they did last January, the question of oil pricing, and there is no doubt in my mind, Mr. Chairman, that there will be some adjustment. I wouldn't be so bold as to hazard a guess whether it will be a major adjustment or a minor adjustment, but there will be an adjustment in price once again; and so there will be need to go through an exercise much as we are now, perhaps on a lesser important scale but a review nevertheless. Therefore, I think that honourable members obviously should not regard this as being the final word for now and for the next half decade. Twelve months from now, Mr. Chairman, we will be really reviewing this in the light of changes across our country in respect to oil pricing.

If the Honourable Member for St. James feels that there is some merit in including an amendment here such as he circulated, I would say to him that we have no objection to the amendment; we regard it as being if anything, rather a redundancy. But if it is not in conflict with wording of the bill in other sections, therefore, because it may provide clarification, because it is at least not in conflict, there is no harm in accepting the amendment, provided, of course, that the word "field" -- provided that the word "field" is inserted before the word "price" in the third line. I take it that's what the honourable member means in any case, but it was not written in. And on that basis I'm advised by officials that there is no reason to regard the proposed amendment as being in conflict. I repeat, it is regarded as being somewhat of a redundancy, but in principle in line with and therefore acceptable with the word "field" inserted in the third line before the word "price"; and therefore I would be prepared to move this amendment as reworded in that one instance.

MR. CHAIRMAN: Order please. This would have to be by leave since at this morning's sitting we have already adopted . . .

MR. SCHREYER: Yes, quite so, Mr. Chairman. This arises out of the meeting that was held over the noon hour. By agreement we held certain sections over. This was not one of them, but by leave I am prepared to make that amendment with that one word added.

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MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, before we deal with the amendment, and I appreciate that the first Minister has presented it, I'd like to --(Interjection)-- Well, I'd like to also deal with the remarks of the Honourable Member for St. James and the reply of the Premier, because I think there's something very simple involved here and a simple explanation is really required to the House and the people.

In effect, there is a subsidization or a reduction of gasoline tax of two cents. Based on the increase and the calculations we have, we can't account for two and a half million dollars - two and a half to three and a half million dollars - other than that is going into the Provincial Treasury. And we say, while it may be argued that this was not to be earmarked for a reduction in gasoline tax, that in the light of the situation and with reference to the figures, the global figures used by the Government, that the people are entitled to more than two cents if the calculations are right.

The Minister of Mines and Natural Resources in his presentation said, and I quote, and this is an answer, Mr. Chairman: "The rough estimates of the amount that the Province will realize from this increased taxation is \$8 million. The Minister of Finance has indicated there's a two cents per gallon reduction on gasoline products in the Province of Manitoba which results, the financial capacity for which comes from the bill which is being produced."

Now, Mr. Speaker, our calculations based on the estimates of revenue of \$45 million on the gasoline tax applying 15 over 17 cents, would be \$5 million for the whole year; applying 15/17ths of \$9,500,000 on motive fuel would be \$850,000, which would be \$5,850,000. This will apply from July 1st, so that's three-quarters of the fiscal year. We only see a direct subsidization to the people of \$4,500,000.

Now the Premier indicated at one point that it's up to us to make our calculations and that the research had to be undertaken by ourselves with respect to some of the matters, notwithstanding the fact that there is help and assistance given from the department for questions that are asked. So we now say to the Premier - and we think we have a right at this point, if our calculations are correct, and if they're wrong we would like to know where they're wrong - \$4,500,000 is really only being applied to the --(Interjection)-- \$4,500,000 for this fiscal year is being applied for the reduction of gasoline tax and motive fuel tax. And that's our calculations, Mr. Speaker, based on the budget projected by the Government presented and passed by this House. If that has only been applied then there is a shortfall of two and a half to three and a half million dollars, which the Government is not giving back to the producers, therefore it's something that it's retaining . . .

A MEMBER: Or the consumers.

MR. SPIVAK: . . . or to the consumers - something that it's retaining, and we believe that the consumers in this situation are entitled to it, whether it's argued that it's being earmarked or not, whether another jurisdiction is doing something else or not, and we think that really was the commitment that was given with respect to this matter by the Government. That's right. --(Interjection)-- Well, I know, but more or less, of two and a half to three and a half million dollars is quite a bit. Because we're talking between two cents to three cents a gallon.

MR. CHAIRMAN: Order please.

MR. SPIVAK: Well, the Honourable Minister of Labour is not C.D. Howe - and, you know, what's a million is still a million. --(Interjection)-- But, Mr. Speaker, what we are saying at this point and what the Honourable Member for St. James has said, is that there is two and a half million dollars to three and a half million dollars that cannot be accounted for. In our opinion, based on the calculations and the figures presented by the Minister, on the figures presented in the budget, there should be a further reduction on the gasoline tax, at least to three cents and maybe to four. Mr. Speaker, we want, you know, the Government to put themselves in a position of explaining why that reduction cannot be given, based on this fact.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I am not going to engage in a game of second guessing with the Honourable Leader of the Opposition as to whose figures are more precisely correct. Because the figures he has used are not exactly far out, they are reasonably close; but in terms of margin of error, I believe his figures to be erring in one direction as

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(MR. SCHREYER cont'd) . . . ours may well prove to be erring in the opposite direction. But what we have indicated all along is that we were going to be levying an incremental tax here because of the windfall increase in oil prices as a result of world changes and as a result of national and interprovincial policy.

And that commitment we gave without equivocation; I repeat it now for about the tenth time; we frankly acknowledge that the estimates may prove to be out by a million or two million dollars. But if we are out by one or two million dollars, it is not as though that money is going to be shoved up some stovepipe or put into some unjustifiable project in Transcona or River Heights or wherever; those funds will be accounted for by the Department of Finance and the Provincial Auditor. I've already indicated that we are prepared to think in terms of an unwritten fund, if you like, which those moneys - if there be surplus moneys as a result of the weighing off of this measure and the rebate measure, those moneys will be in a kind of unspoken fund which will be available for any balancing off that is required in the next year. Because this is not a one-shot deal, Mr. Chairman, it is not only for one year, like most things it will have continuity as we pass through time.

Having said that, I say to the Honourable the Leader of the Opposition, that we acknowledge that the reduction in the motive fuel and gasoline tax is applicable as of the 1st of July, and therefore it's on 9/12th of a fiscal year. He's quite right in that respect. And we are prepared to make a modification with respect to the time frame that this tax measure is referring to; and that, Mr. Chairman, I will come to when we get to Section 16. And even having made that change, I will not swear to it that we will be exactly dead-on in terms of the balancing off of the intake and the outgo, but it'll bring it closer into balance.

MR. CHAIRMAN: Order please. Order please. The Chair is under considerable difficulty here, because I really don't know what clause we are dealing with. I would refer honourable members - and perhaps the Chair has been lax, because I have been trying to expedite the business of the House. But I would refer honourable members to our House rules, 64 (2): "Speakers in the Committee of the Whole must be strictly relevant to the item or clause under discussion."

Now we're jumping all over the place here. I think we're now dealing with an amendment to Clause 13. We started on Clause 11, we completed that. And I was on Clause 6. Now, I've got to have some idea where you people are, because if I don't know where you are I certainly cannot control the debate as it's going in this House, because it's jumping all over the place. --(Interjection)--

MR. SCHREYER: On a point of order, Mr. Chairman, I believe you're quite correct, Sir, and I was merely responding to points raised in debate by the Honourable Member for St. James, a certain latitude in the debate. But I would quite agree that the only way in which to proceed is to proceed sequentially through the bill and by picking up where we left off, the last clause that was passed.

A MEMBER: Okay let's go.

A MEMBER: Mr. Chairman, where are we now?

MR. CHAIRMAN: Well, we have before the House right now an amendment to Clause 13, subsection 2(l). Then I suggest that we go back to Clause 6 and carry on. Now, for the edification of the members here we have still before the House, Clause 6 to deal with; sections of Clause 8, 14 and 16.

A MEMBER: We're back to Clause 6?

MR. CHAIRMAN: Right. We're now in Clause 13. The amendment, new subsection 2 (1) as moved, -- passed. 13 as amended -- passed. Clause 6 on Page 2 - the Honourable Member for Riel.

MR. CRAIG: Clause 6. As a result of the discussion that's gone on, can we get from the Government a very simple straightforward breakdown on where the revenues are budgeted for, that have come in as a result of the windfall that the First Minister refers to. Our calculations in round figures says five million barrels times \$2.69 per barrel yield \$13.4 million. All we want is to get a line by line breakdown - how much to motive fuel tax, how much to gas tax, how much to the producing industry and how much to Government Central Revenue, if any?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: All right, Mr. Chairman. The Honourable Member for Riel has asked for some numbers to indicate the allocation or the division of this additional revenue,

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(MR. SCHREYER cont'd) . . . if I understand him correctly, and since we have the senior officials of the Department of Finance here, I think that we could get that information. It'll take a minute or two, and perhaps for the sake of clarification, the Honourable Member for Riel may wish to simply indicate once again specifically what four line breakdown he wishes.

MR. CRAIG: We're assuming, Mr. Speaker, from the annual report of Mines and Resources, that five million barrels a year is the figure that is a practical figure, at 2.69 a barrel brings in 13.4. Now, we would like that broken down, if possible, to show us how much in dollar terms is going to gas tax, how much to motive fuel tax, how much to the total producing industry -the total producing industry - that includes royalties to mineral right holders, producers, the whole works; that is, how much in general is going into the total industry, that's the third one - and the leftover I presume would have to be going to provincial budget or into provincial coffers, one way or another.

MR. SCHREYER: Mr. Speaker, I can attempt a preliminary indication of that. We are talking about an amount that is arrived at by multiplying five million barrels - which is roughly, very roughly, the annual production of the crude oil producing wells in the Province - times an amount of \$2.69, say 2.70 for easier figuring, and that is an amount of approximately 13 million dollars plus. Of that amount, the amount that will be accruing to other than the producers, the beneficial owners, at least the freehold interest owners, etc., etc., is an amount which we calculate to be something in the order of about \$8 million; and of that \$8 million, we fully expect that on a twelve-month basis, that about seven to seven and a half million dollars will be passed on in a conduit manner to the motoring public and by way of the motive fuel and gasoline tax reduction. If there is any residual - and there may well be a residual of a million dollars or two - that residual will be regarded as being an implicit fund which will be available for any balancing of any program in this field, in this area, in the next year. Now I think that, in principle, my answer really does cover all of the essential points which my honourable friend is concerned about, and if he wishes more refinement, I would invite him to question further.

MR. CRAIG: Well I gather the Minister of Finance is dashing for some figures, so perhaps you'd want a few more minutes. Then, on a twelve-month basis, combined gas tax, motive fuel tax at two cents a gallon, returns to the public 7.5 million on a twelve-month basis. The only other figure I need at this point is that closely to the nearest - as near as he has that, the amount that is going to the industry by way of that conduit, back to the industry - and that gives me the balance, which is the amount which is going into the Provincial Treasury.

MR. SCHREYER: Well, I'm sure that the Honourable Member for Riel is aware that there is a considerable complexity in detail if we attempt to break this down on an individual well basis, but looking at it in its aggregate, the amount that would be accruing to the industry and to the beneficial and freehold owners, would be an amount which is arrived at by subtracting \$8 million from the estimated 13.4 million. So that means an amount of about \$5 million accruing to the industry, the beneficial owners, those with an over-riding royalty interest and those with a freehold interest.

MR. CRAIG: I gather - if you want to come back to it - I think the staff people are still calculating on it, and if we can get these figures accurately, we are quite willing to wait and get at them if you want to go on to another clause.

MR. CHAIRMAN: Clause 8 - was there something under Clause 8? I believe it was held.-(Interjection)-- Sub. 3 - 4.1 Sub. 3 (a) -- pass; (b) -- pass; (c) -- pass; 4.1 sub. 3 -- pass; Clause 8 -- pass. Clause 14 - the Honourable Member for Virden.

MR. MORRIS McGREGOR: Clause 14. In looking at the schedule and reading a brief from the Chevron stand some weeks ago - and it's to do with a secondary recovery program, better known as The Water Floodback Program - and I just will read one paragraph to maybe clarify the position: "In spite of artificial stimulation techniques, oil production declined much more rapidly than other fields in Canada. As a result, Chevron standards commenced the first underground water operation in Canada in 1953 in the Daly field; subsequent developments in the Virden-Rosalie and the North Virden Scalian fields indicated that pressure maintenance was also required to sustain production levels. We estimate that without pressure maintenance by water flooding, the production in Manitoba would be 6,400 barrels per day, instead of the current production of 13,500." And the question being, what is the secondary recovery oil program considered, new oil or old oil, as in Saskatchewan they gave consideration

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(MR. McGREGOR cont'd) . . . to this program and they rate it as new oil. Could this be specified as to which way, which schedule it would be? Would it be considered old or new?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, I would like some indication from the legislative counsel if the amendment that was drafted by the Honourable Member for St. James is before us, or whether the Honourable Member wishes it withdrawn - or what? It was n't formally moved and I just want to be clear on that before we go further. It's just a case of some patience being required by members on both sides. When the amendment that was being proposed by the Member for St. James was first raised, you quite rightly, Sir, pointed out that we were on Section 6; that it was premature to consider Section 13, which is what this amendment relates to. Then, Sir, by oversight, we did not formally move an amendment to Section 13. Now the Member for Virden is already speaking on Section 14, so if we could simply ask him to simply hold back for a moment - because it's important that we be very clear - we would revert to section 13 and deal with this proposed amendment, and if that's agreed, I would move the amendment. It has not been formally moved.

MR. CHAIRMAN: I would just like to draw the Honourable First Minister's attention - I believe that we dealt with 13 and went back to 6. I have already - I called for the question and the House agreed - that's 2,1? Is that the - "for the purposes of this Act, and subject to Section 2 of this schedule, the well head price . . . that has already been moved.

MR. SCHREYER: Well, that one was held, was it not? --(Interjection)--

MR. CHAIRMAN: No, 13 was not held. It was one that you introduced by leave.

MR. SCHREYER: Yes. That is correct, it was not held this morning, but as a result of discussions, Mr. Chairman, that took place over the noon hour, the Member for St. James felt that it was desirable and important enough to suggest an amendment now - which by leave we can entertain, but I must move it, Sir.

MR. CHAIRMAN: You have already moved it.

MR. SCHREYER: I have not moved it, Sir.

A MEMBER: No, there's an amendment, Mr. Chairman.

MR. SCHREYER: What you have, Sir, is a written draft, which has been circulated. You have looked at it, and it has been discussed, but I have not moved it, Sir. I'm prepared to do so now, by leave.

MR. CHAIRMAN: Agreed? (Agreed)

MR. SCHREYER: So then, Mr. Chairman, by leave I would move that Section 13 of Bill 85 be amended by adding thereto at the end thereof, the following paragraph: "2.1 For the purposes of this Act, but subject to Section 2 of this schedule, the well head value of a barrel of oil produced from a well is the field price received by the beneficial owner for the barrel of oil delivered to a well collection pipeline system, less any amount paid to a commercial carrier, other than the operator of a pipeline, to deliver the barrel of oil to the delivery point in the oil collection pipeline system that is closest to the well."

And just so there's no mistake about it, Mr. Chairman, one word has been added to the written document, and that is the word "field" in the third line. I so move.

MR. CHAIRMAN: The motion agreed to? (Agreed) 13 as amended -- pass. Clause 14.

MR. SCHREYER: I would invite the Honourable Member for Virden to restate his point.

MR. CHAIRMAN: The Honourable Member for Virden.

MR. McGREGOR: Mr. Chairman, it's to draw the attention of the administration regarding the secondary recovery program, better known as the Water Floodback Program. I don't know whether I have to read say that one paragraph of Chevron Standard's brief some weeks ago, but it's just drawing out the attention that had it not been for the Floodback Program, daily production today would be 6,400 with the floodback, water flooding operation, it's brought it up to 13,500 and comparing this to the Saskatchewan Act, they have given this new recovery program oil considered as new oil. What is your standards, considered new oil or old oil?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I suppose in the opinion of the Honourable Member for Virden, the regarding of oil that is produced by secondary recovery methods, which is by

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(MR. SCHREYER cont'd) . . . injection of water into the well, is not regarded as new oil. I'm quite sure that the Member for Virden would like to argue that it ought to be, or it ought to be in a separate category, but we have not as a matter of policy seen fit to so regard it - at least not yet - and accordingly the column that refers to a new well, it means just what it says, a new well, it doesn't refer to secondary recovery methods. I would pause for just a moment to ask . . .

A MEMBER: I'm right, am I not, on that?

MR. SCHREYER: Yes. I can confirm that. Therefore, I believe that answers the question. I would not want to hold out any false hope; on the other hand, I would not like to leave the impression that we are not prepared to consider, seriously consider, those contingencies involving small daily production, the added cost of productions, result of ever increasing amounts of water injection, etc. But that is not covered in this bill, Mr. Chairman.

While we're on Section 14, because I have indicated that we were prepared to consider some modification here, I suggest that we would be prepared to consider an amendment in the effective commencement date. There is some controversy as to whether it should be retroactive to April 1st or May 15th, because that's the date in which the new prices went into effect at the retail level - or whether it should be June 1st. I'm advised that there would be serious drafting problems if we were to change the commencement date, but as an alternative, I would be prepared to move an amendment to the schedule - not to the commencement date, but to the schedule - so as to reduce the mill rate by five mills. That would simply be then, Mr. Chairman, that Schedule D set out in Section 14, be amended by reducing each number in the second column of the schedule by the number 5; and that would have an effect of reducing the amount of incremental revenue and bring it even closer into line with the amount of revenue foregone as a result of the reduction of the motive fuel and gasoline tax - and will meet with some very modest approval, restrained approval I am sure, by the producers.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MINAKER: Mr. Chairman, thank you. I wonder if the First Minister could indicate whether the five-mill reduction would also include the third column, which would possibly to some degree further encourage the exploration and development of new wells. I believe, I haven't had a chance to calculate out the general effect of the five-mill increase, but I would presume that we are talking somewhere in the order of about one-fortieth or two percent reduction in the case of 20 barrels or more per day well, and I believe 35 percent of the wells are in that category. That if we take a two percent reduction on the value, that we will be providing roughly four cents, somewhere in the neighborhood of four cents more for the producer up to 30 barrels and more per day. So that will hopefully encourage the wells to continue to produce. But we were wondering if there was any consideration to the new well column as well; and I would presume a two percent reduction in the tax probably would be in the order of a reduction of \$160,000 of the eight million, if my calculations are correct. So we're still looking for a considerable amount of that \$3 million.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, there is a great deal of value in dialogue and debate and exchange of views - and occasional modifications and amendments can be made, as indeed we have made, on suggestions of honourable members opposite and on our own reconsideration as well. But what the Honourable Member for St. James is proposing now, I think flies partly in the face of logic, because the concern he expresses about the impact on new wells and new production has nothing to do with the retroactive feature of the commencement date. Because if they are new wells, then they are not at issue, they have not been in production as between April or May or June.

Now, then, Mr. Chairman, there are two reasons why we are not prepared to amend Column 3. One reason I've just finished stating. The second reason is, that there is already inherent in Column 3 a 50-mill reduction or differential as between new wells and old wells. Having made a 50-mill reduction, I don't see much point in making another five-mill reduction, because the differential is already there.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: We maybe should be going into something very basic here, right from the very beginning, and before we even --(Interjection)-- No, I want the Honourable Minister...

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MR. CHAIRMAN: Order please.

MR. SPIVAK: There is an obligation on the part of the Government to explain the actual aggregate of moneys to be collected and the disbursement of the money. That's what we're trying to get. And there is a difference between the calculations we have and the calculations that the Government has, and we simply want to be put in the position of understanding it. We've already indicated one position with respect to the amounts, and we can support that by the documentation presented by the Government; by your own documentation, your budget, your revenue estimates, the statements of the Minister, etc.

Now before we can deal with this - because the Premier indicates there's five and a half million dollars for royalty and to the producers, and now we have a five-mill reduction, which we don't know in dollars what that amounts to . . . --(Interjection)-- Well, you know, Mr. Chairman, what we're looking for now - and I think what has to be given before we even proceed on this - is an explanation of the breakout really of the money. That's what the Honourable Member for Riel has asked for, and I think we need that first before we can even deal with this.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I have already given the aggregate and approximate breakdown of the allocation of the revenue that will flow as a result of the passage of this bill. In all fairness really, Mr. Chairman, I have already said, and I repeat now, that it may well be that the figures and estimates used by the Honourable Leader of the Opposition may prove to be at least as close, and maybe even closer to actuality than our estimates. I rather suspect his estimates are on the high side and ours admittedly, if anything, on the low side. But at most, the differential there, I would think would be in the order of two million dollars. And that two million dollars, in order to avoid quibbling, I've indicated that two million dollars will be identifiable and identified and available for honourable members to not only look at but stare at, at the next session. And it will be available there in a kind of unspoken fund, if you like, and available for any further refinements and balancing that may be required in the next fiscal year.

So, it is not as though we are secretly or surreptitiously trying to channel revenues into Consolidated Revenue purse without telling honourable members. If there is an overage, the overage will be clearly identified when we close the books at the end of the fiscal year.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, then do I conclude from the remarks that we're not going to get this breakout that I was asking for, and which I assumed we were getting by the amount of work that was put in here by the staff. I gathered that it was possible to get this. And what we're asking for, is what I think we're almost led to ask, because this debate started about three months ago when it was implied that there was \$12 1/2 million coming back to Manitoba, and it's now 13.4. What we want in round terms is the breakout by the Province of where the 13.4 goes. We have 7 1/2 now, apparently going to a two-cent reduction in gasoline tax and motive fuel tax, and we want to know where the rest of it is. --(Interjection)-- There's only seven and a half accounted for.

MR. CHAIRMAN: The Honourable First Minister.

A MEMBER: It's a masterpiece.

MR. SCHREYER: I really feel that I have given the breakout in approximate estimate terms.

A MEMBER: That's right.

MR. SCHREYER: I will run through them once more. If we're talking about five million barrels annual production - which I agree is approximately correct - times 2.69 per barrel, we're talking about \$13 million, more or less. Of the \$13 million, about eight million will accrue to the Crown, approximately. The differential between eight million and 13 million will accrue to the producers, the beneficial owners, those with over-riding royalty interest and those with freehold interest. To give even a more complete breakdown, going beyond what my honourable friend asks for, of the eight million dollars accruing to the Crown, it is intended that all of that go towards the cushioning to the motoring public as a result of the reduction, which has already been legislated for in recent days, by way of reduction, two cents a gallon in the motive fuel tax, the gasoline tax, and so on.

Now, if perchance we are out by one or two million dollars, that one or two million dollars either way, that that amount will be clearly accounted for when we close the books

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(MR. SCHREYER cont'd) . . . in the current fiscal year. And it will be very visible, Mr. Chairman. It can be not only looked at, but stared at, as I said, and it will be available by way of balancing in the next fiscal year with respect to any modifications we may see fit to recommend to this House in terms of subsequent consumer price cushioning, if any.

MR. CRAIK: Mr. Chairman, based on the revenue statement, that if you use three cents a gallon on gasoline tax and three cents a gallon on the motive fuel tax that applies to that portion; if you subtract the amount that comes in from the five-cent a gallon on railroads, which gives you over a million dollars; if you put three cents a gallon on the rest of it, or proportionate on what you're collecting, that would put you bang-on in your budget, the two cents a gallon to us leaves two million dollars still unaccounted for.

A MEMBER: Aw, come on.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, that particular argument, while I don't dismiss it, I don't challenge it head on, I say that it is simplistic because it doesn't take into account the growth factor. The growth in gallonage of consumption, two cents times the number of gallons consumed last year, is going to cost the Crown by way of revenue foregone, something different than it will be next year because of the growth in gallonage consumed as a result of increased registration of motor vehicle numbers, etc. Not only that, Sir, but we have considered this in depth, my colleagues on this side, and we are aware of the fact that on one side we have the sister province of Saskatchewan that has made an adjustment somewhat greater, we admit; on the other hand, the sister Province of Ontario has made an adjustment that is lesser - and geographically, and rationally, and in every other way we should be somewhere in the middle.

A MEMBER: Right.

MR. CHAIRMAN: Clause 14, Schedule "D" as amended -- pass. Clause 14, as amended -- .

MR. SCHREYER: Well, Mr. Chairman, just to make it clear, on Section 14 as amended, I take it by "as amended" you are referring to the amendment I have moved reducing everything by five . . .

MR. CHAIRMAN: In the second column thereof.

MR. SCHREYER: . . . in the second column thereof. Thank you.

MR. CHAIRMAN: Pass. Clause 16. The Honourable Member for St. James.

MR. MINAKER: Yes, Mr. Chairman. I believe that this morning when we dealt with Clause 15, that it was agreed to hold it back because it did relate to the schedule in the discussions that were going to take place at the meeting at 1:30.

A MEMBER: It didn't even pass.

MR. MINAKER: I wonder if the Clerk could confirm that or not. I believe it was one of the sections that was agreed to be held. Section 15, I believe we agreed that it would be held.

MR. CHAIRMAN: No, it was passed this morning.

A MEMBER: No, it was passed now.

MR. MINAKER: Right. I would like to discuss 15 now, because my understanding and the Chairman's remarks earlier that it was . . .

MR. CHAIRMAN: Order please. Clause 15 was passed this morning.

MR. MINAKER: No, I don't think so, Mr. Chairman.

MR. CHAIRMAN: The clauses that were held from this morning, Clauses 6, Sections of 8, 11, 14 and 16. Clause 15 was passed this morning.

MR. SCHREYER: Well, Mr. Chairman, on a point of order, and not wishing to embarrass the Chair, but I have written here in pencil - and I'm sure I wrote it this morning, that it was to be held. I take it that's the impression that was left on the other side. It was left on this side. I think it would expedite matters, Mr. Chairman, if you would regard it as having been held.

A MEMBER: Well, what's the problem?

MR. CHAIRMAN: Clause 15. The Honourable Member for St. James.

MR. MINAKER: Mr. Chairman, I'll be very short. During the discussion today, there were certain questions raised with regards to the application of this particular section of the Act - and it's my understanding, and I wanted to put it on record in the House so that

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(MR. MINAKER cont'd) . . . the policy would be recorded and recognized, that this particular royalty or percentage will be a variable one it's my understanding that the royalty that will be paid for minerals that are on Crown-owned lands in the terms of tax, the incremental tax and the base tax, will be a percentage which will vary from month to month, and will be as practicably as close to the equivalent amount on private lands when they applied the eight-mill tax, and the whatever increment or assessment would be based on the production of oil for that month. Because our concern was that if there was a percentage struck one month based on a 20-barrel per day well and that well should close down for some reason, for service problems or something for a portion of the month, the following month, that the producers would not be stuck with that fixed royalty on a higher production than actually took place.

So I would just wonder if the Minister could confirm that this is the understanding on how this particular section of the Act would operate, that it would be variable from month to month and there would be a revision of the percentage of royalty that would represent that value that would more or less be accrued on a private land if the eight-mill tax and the mill rate was applied to the oil production on a Crown-owned land.

MR. SCHREYER: Well, Mr. Chairman, as I understand the Member for St. James, his concern is whether the changes that might be made from time to time by regulation will be made on the basis of monthly variation. And the answer would be affirmative, because it is the long standing practice - well, it's provided for in law as well - but it is the law, and therefore the practice that the calculations are run on the basis of averaging over a period of 30 days. So that day to day variations would not be treated, but the effect of day to day variations as reflected in a monthly average and changes in monthly averages would be paralleled by changes in regulation.

Furthermore I confirm to him his, since he had asked about it earlier today, that the schedule in this bill will be really the basis for parallel treatment under the Mines Act Regulations.

MR. CHAIRMAN: (The remainder of Bill 85 was read and passed)

Committee rise. Call in the Speaker. Mr. Speaker, the Committee of the Whole has considered Bill No. 85, an Act to amend the Mineral Taxation Act, certain resolutions, has directed me to report same with certain amendments, and asks leave to sit again.

IN SESSION

MR. SPEAKER: Order please. The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for Ste. Rose that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER presented Bill No. 85, an Act to amend the Mineral Taxation Act, for third reading.

MOTION presented.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Before passing, proceeding further with Bill 85 at this time, let me indicate in a very very few moments that I can't ever recall quite witnessing or seeing the situation that we have just undergone in the last little while. And I don't pretend, Sir, that I have been here all the time. I started, I came, I sat in the Chamber as the work on the bill in committee commenced in utter confusion. I came back several times in the middle of the bill, and confusion still seemed to reign. And we come to the conclusion of the committee stage consideration of Bill 85, and I can't say that we cleared up a great deal of the confusion. Mr. Speaker, we have, you know, really a pretty frightening and scandalous situation, where the First Minister of this Province says to us that, you know, our figures might prove to be more correct and more accurate than his. Sir, we don't have the experts sitting in front of our desks. We don't have the Finance Department at our beck and call. We aren't charged with the responsibility of putting together an \$800 million budget and having it accounted for. And the First Minister says and agrees that our schoolboy arithmetic - and in this case, Sir, it is schoolboy arithmetic, hastily done, in our caucus room that we share with 20 members, and with the help of a slide rule by my honourable friend from St. James.

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(MR. ENNS cont'd)

We have shown I think, Mr. Speaker, if there's anybody awake at this late stage of the session, that this Government has been caught with their fingers in the jam pot, and there are two or three millions of dollars worth of jam clinging to their fingers, and they've been trying to suck them off ever since. --(Interjection)-- Well, now, it's a preposterous way, you know, taxation measures are pretty straightforward pieces of legislation. You either collect a certain amount of revenue from a certain segment of the society and you tell the people, society and the opposition, how you're going to distribute it, and Sir, I don't think we can say after two hours of deliberation tonight, after two hours of deliberation tonight, that we have any satisfactory answer in a clear and concise term as to how all of that money so collected is being distributed.

I think, Mr. Speaker, more important, we certainly are left with the feeling that the consumer could in fact, and should in fact, receive a better break at the gas pumps. The figures have been batted around whether it's two cents, three cents, or four cents. The fact of the matter, Sir, that at this stage, this stage of the development of this bill, the Government can't tell us what it is that the consumer should be getting. He is suggesting that maybe our figures will prove to be more accurate in a little while.

Well, Sir, I think your perusal of Hansard, a perusal of Hansard tomorrow of today's, tonight's deliberations will indicate that that is precisely what the First Minister said; that's precisely what the First Minister said, that my Leader's figures may prove to be more accurate than his. Well, Sir, and he was saying it while he was overlooking that group of experts that were blocking his view while he was trying to look to us.

Now, Sir, this is nonsense, and you're asking, twelve, fine --(Interjection)-- Okay, let's forget the brownie points. But you're asking a responsible opposition --(Interjection)-- Yes, this is how we're being asked to pass legislation. You know, this makes C.D. Howe's statement of "What's a Million" or Charlie R. . .'s "What's a Million" look like a piker.

A MEMBER: What is your point?

MR. ENNS: Well, my point is precisely and simply this, that this Government has not shown us, has not shown us at all to our satisfaction that the consumer is getting the break that he should get. In fact there seems to be every reason -- a reasonable case made that the break that the bill calls for for the consumer should be better. And, Sir, for that reason, Sir, Mr. Speaker, for that reason, Sir, we can't support this bill. We can't support this bill. We can't support this bill. Well, Mr. Speaker, you asked --(Interjection)-- we didn't receive the particular benefits that were arrived at at the conference that the Premier took part in, in which increased revenues were accruing to a province. The Premier liked the grandstanding play of saying that these moneys would be used to offset the higher prices of gasoline at the consumer level and, Sir, in two and a half hours debate, or two hours debate in consideration of this bill I don't think he has convinced anybody, including himself, including himself that that full accountability of those moneys so collected is being disbursed as he is suggesting it's being disbursed. And quite frankly, Sir, the performance will be unforgettable because I can't recall when I've seen a more worried group of officials on that side since they've had the privilege of sitting down in the Chamber with us, work so feverishly to try to come up with some of the answers, straightforward answers, to the questions that the Member from Riel, the Member from St. James, and my Leader was putting to the First Minister in this instance.

Sir, it's a scandalous way this bill has been introduced in the House, sloppily, slovenly, and I'm not at all satisfied, and he has not satisfied, the First Minister hasn't satisfied anybody in this Chamber that the accountability on a tax measure, on a tax bill is there . . .

A MEMBER: To reduce it.

MR. ENNS: Well, now, you know, to reduce it, he says. Fine. There's no argument about reduction. But, you know, there is also at least the responsibility on our part to see that while you're reducing something just how much sticks to the Government's fingers. And that's really the case in point, and that's the case in point. --(Interjection)--

MR. SPEAKER: Order please. The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I believe it does constitute a point of privilege

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(MR. SCHREYER cont'd). . . when our honourable member suggests that we have introduced legislation with willful sloppiness. I say to him that we have been taught a lesson tonight, I admit. We have tried to be accommodating, to receive suggestions from the other side, and tried to embody them in law, but if the honourable member then accuses us of sloppiness I can tell him we will be very reluctant to ever do that again, to take seriously your suggestions.

MR. ENNS: On the same point of order, Mr. Speaker, I can tell the honourable members opposite, particularly the First Minister, that not just on this bill, but my good Lord, just about every bill they've introduced. If it weren't for the vigilance practised by the Opposition where major changes are made at Law Amendments --(Interjection)-- Ask the Minister of Consumer Affairs, ask the Minister of Consumer Affairs how his bill had to be corrected by us, and we'll draw that list up. We'll draw that list up for the Honourable First Minister some time.

Mr. Speaker, I can only make one closing comment, that if that is the First Minister's attitude . . .

MR. SPEAKER: Order please..

MR. ENNS: If the First Minister's attitude is that they will no longer consider legitimate amendments, which up till now they have been very quick to embrace, even in this Bill 85, another major amendment which they were quick to embrace from our side, and take the attitude that our amendments aren't worthwhile, it makes you wonder, it makes you wonder why they're accepting them.

MR. SPEAKER: Order please. Order please. Let me caution the honourable member that he shouldn't impute to others - I think it's one of the rules, and he is skating on that line right now. So would he consider what he's saying. The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I have no intentions to pursue the point much further. The question is simply this, that the consumer in my judgment is not getting the break that he could be getting. I don't think that in the hour or hour and a half debate on this bill the Minister has satisfied us or the consuming public, or the motoring public of Manitoba, that he in fact is getting full value for the dollars that are accruing to this province as a result of the increased oil taxation policies in this country. Thank you, Mr. Speaker.

MR. SPEAKER: Are you ready for the question? The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I cannot sit idly by and listen to the tirade of the Honourable Member for Lakeside when he was chastising this Government because it wasn't giving consideration to the bill which is now being considered in Committee of the Whole House. I would suggest that had the Honourable Member for Lakeside been present, which he was not --(Interjection)-- He was not present during the consideration of this bill, and the major sections of the bill. I don't know where he was. I have my judgment of where he was by listening to what he is saying tonight. But I want to say to my honourable friend that it is very apparent, Mr. Speaker, that he was not present when the major components and directives of this bill were considered. He goes on a tirade and he said that this Government has not given consideration to representations from the Opposition.

MR. ENNS: I didn't say that. You weren't. . .

MR. SPEAKER. Order please. Order please.

MR. PAULLEY: Yes, but Mr. Speaker, my honourable friend . . .

MR. SPEAKER: Order please.

MR. PAULLEY: . . . honourable friend, the Member for Lakeside, says, "Thank God we listened to their suggestions and amendments." I suggest Mr. Speaker, he doesn't know what the hell they were because he wasn't here.

A MEMBER: Hear. Hear.

MR. PAULLEY: That is the position that I take. We did listen to the representations of the Honourable Member for Riel and other members of the Conservative Party, the Member for St. James, we listened to them. And what did it produce? That after we have given consideration in the Committee of the Whole House, which of course is the proper committee to consider taxation proposals, and this is in accordance with the rules of the House and rules of parliamentary procedure, that that guy, the Honourable Member for Lakeside, gets up and yells his head off that we haven't given consideration to the people of Manitoba in respect of taxation.

Now, I know, I know full well, Mr. Speaker, that if we were to extract from Hansard

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(MR. PAULLEY cont'd). . . the involvement of the Honourable Member for Lakeside, the only contribution, and I'm using that term very very loosely, the only contribution, to call it such, and the only input that has been made in this whole debate by the Honourable Member for Lakeside is the tirade that he gave tonight which has no bearing whatsoever, and no consideration of the debate that has taken place.

And I would suggest to my honourable friend, the Member for Lakeside, that, please, one of these days, don't come into the tail end of an argument, or a debate that is taking place and give such utterances, which are utter nonsense, of course, as he has given to us tonight. We have taken cognizance of the recommendations and suggestions of the Members of the Opposition and that is the results of the amendments that have taken place in this particular bill.

Mr. Speaker, if it were not so, if we didn't take consideration of the intelligent contributions made by other members of the Conservative Party, there wouldn't have been amendments. So I suggest to my honourable friend the Member for Lakeside that he should consult with his caucus and some of them, and I exclude him, have made intelligent, constructive contributions to the debate that we have gone under for the last number of days.

I think that's all I need to say in rebuttal to the tirade, and I would appreciate, Mr. Speaker, I appreciate the exuberance, and I don't know what the cause was, but I appreciate very much the exuberance of my honourable friend, the Member for Lakeside.

QUESTION put. MOTION defeated.

MR. PAULLEY: Well, if you want a division, let's have a vote.

MR. SPEAKER: Call in the members. Nobody's said anything on this side.

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

YEAS

Messrs.	Adam	Malinowski
	Barrow	Miller
	Bostrom	Osland
	Boyce	Paulley
	Burtniak	Pawley
	Cherniack	Petursson
	Derewianchuk	Schreyer
	Doern	Shafransky
	Evans	Toupin
	Gottfried	Turnbull
	Hanuschak	Uruski
	Jenkins	Walding
	Johannson	
	Johnston (Portage la Prairie)	
	McBryde	

NAYS

Messrs.	Banman	McGregor
	Brown	McKellar
	Craik	McKenzie
	Einarson	Marion
	Enns	Minaker
	Graham	Patrick
	Henderson	Sherman
	Johnston (Stur. Creek)	Spivak
	Jorgenson	
	McGill	

MR. CLERK: Yeas, 27; Nays, 18.

MR. SPEAKER: In my opinion the Ayes have it. I declare the motion carried.  
The Honourable Minister of Labour.

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MR. PAULLEY: Mr. Speaker, it is the intention that we will now go into Law Amendments Committee and I would suggest if honourable members would like a breather that Law Amendments convene at 20 minutes to 11:00 o'clock. I would suggest, Mr. Speaker, that I will now make a motion of adjournment and that the House reconvene at 10:00 o'clock tomorrow morning.

So therefore, Mr. Speaker, I move, seconded by the Honourable the Attorney-General, that the House do now adjourn and stand adjourned until 10:00 o'clock tomorrow morning.

MOTION presented and the House adjourned until 10:00 a.m. tomorrow morning.  
(Friday.)