

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Monday, June 2, 1975

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. The Honourable Minister of Mines.

MINISTERIAL STATEMENT

HON. SIDNEY GREEN, Q. C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, tomorrow at 11:00 I will have available in the Members' Lounge some officials from my department to answer questions to representatives of the various caucuses concerning the Metallic Minerals Royalty Act.

MR. SPEAKER: The time was 11:00?

MR. GREEN: 11:00 o'clock in the Members' Lounge.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? Notices of Motion; Introduction of Bills; Questions; Orders of the Day. The Honourable House Leader.

MR. GREEN: I move, Mr. Speaker, seconded by the Honourable the Minister of Agriculture, that Mr. Speaker do now leave the Chair and the House resolve itself into Committee of the Whole to consider the following Bill - No. 40 - The Statute Law Amendment (Taxation) Act.

MOTION presented and the House resolved itself into Committee of the Whole, with the Honourable Member for Logan in the Chair.

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MR. CHAIRMAN (Mr. Jenkins): Bills before the Committee are Bill No. 16 and Bill No. 40. Bill No. 16 --(Interjection)-- Call No. 40?

MR. CHAIRMAN: Call No. 40. Right. Bill No. 40. The Statute Law Amendment (Taxation) Act (1975). Page by page? Section 1. The Honourable Member for Souris-Killarney.

MR. EARL McKELLAR (Souris-Killarney): Mr. Chairman, I was home the other day when the debate was on, trying to put in some crop, so I will take my opportunity right at the present time to express my few words on this matter, especially the two cents on gasoline that applies to Autopac.

A MEMBER: Are you on the right section?

MR. McKELLAR: Yes I am, it goes from 15 to 18. Am I not right, Mr. Chairman?

MR. CHAIRMAN: That's section 1.

MR. McKELLAR: Section 1. It involves three or four sections so you can't go wrong by talking on this one.

Mr. Chairman, as we remember back so well about 1969 - 1970 of all the promises made to the people of Manitoba and the short-comings thereof, I'm sure that the people of Manitoba must be wondering what's happening to that great corporation that was founded by the New Democratic Party with great hopes and expectations, hopes that we're going to solve all the problems in the insurance industry. Well I guess they solved some of them. They at least found out a lot more about the industry in the last four years, they found out that you've got to have good management, you've got to have people with knowledge and know what they're doing, and also you've got to have people who are involved in claims. Now the Claims Centres in themselves were not the answer to the whole insurance industry as we know it, because it isn't just a case of having it run through one door and out the other. I realize that they are a time-saver but they aren't the complete answer to the claims problem with automobile insurance.

Mr. Chairman, to come to the point, after raising the rates about three times, and I would imagine in 1977 we'll be getting another reduction in the rates because of election. But this happened in Saskatchewan, it happened many times in Saskatchewan where the rates went up and down according to elections. You could always have knowledge when an election was going to come because of the fact that the rates either stayed on a par or they were lowered considerably.

Now that isn't the way in my opinion, Mr. Chairman, to run an insurance company

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(MR. McKELLAR cont'd) whether it's a Crown corporation or private corporation. In any case if you have claims and expected claims, you've got to have rates to meet the claims. And I don't know where their knowledge is in the Bank of Montreal building, who's running the show or whether it's the Board of Directors across the way, but somebody's not doing a very good job. So they thought they'd bail themselves out. They looked at Saskatchewan, they looked at B.C. Saskatchewan decided they're going to finance some of the gasoline tax revenues and put it over into Autopac there. Mr. Barrett, the Premier of B.C., decided he would go as far as saying that they could have 10 cents tax on all the gasoline that's sold in the province of B.C. I would imagine that they haven't got half that far, but at the rate they're going they're going to need practically the 10 cents on their \$32 million loss this past year, along with 2-1/2 million in their general insurance business.

So we've reached the point here in Manitoba, we've got to go outside collecting insurance premiums, we go to the gas tax. Now what's going to happen in five years time, Mr. Chairman? I'll tell you what's going to happen. Pretty soon there will be a tax on sugar or butter or something else. They've run out of all the ideas . . . now tax some other commodity to pay for Autopac. We're going through the greatest inflation that we ever experienced, I suppose. Now this government, if you had told them five years ago, and we told them that they're going to have problems, they didn't believe us at that time, they didn't believe us all the words that we mentioned at that time.

Mr. Chairman, I think it's a sad day when we've got to bring in a taxation bill to apply two cents on all the gasoline tax in the Province of Manitoba that would be turned over to Autopac. I suppose this means about \$6-1/2 million, on two cents, which some of these people won't say it's very much when you have a \$10 million deficit two years in a row. But next year it will be three cents, we'll be coming in every year, this is what will happen, every year we'll take another cent or two off the gas tax in the Province of Manitoba. That gas tax should be used for building highways. And everywhere I go, even on No. 2 highway when I was driving in today, marks, every hundred yards they got another circle marked out with little arrows, that's got to be tore up. Maybe the Government of the Day will say we didn't build the roads very good but I want to say to the Premier that that road was built 15 years ago - asphalt, paved in that 15 years - and they tell us every 15 years it should have another lift of asphalt. And that costs money at today's prices. And I for the life of me cannot see this money, \$6-1/2 million, going to Autopac when it's badly needed in the highway program. And everybody will tell you, everybody will tell you all over the province, the highways need more maintenance than they're getting today.

I suppose we've been told in the highway estimates that we're getting \$59 million spent on highways this coming year, but after looking at the program I would imagine most of that goes for buying right-of-way. And that isn't doing very much for the construction of roads, because very little is in there for the construction of roads. But one thing I want to make sure at this time that the people of Manitoba, the people of Manitoba are not very happy in my area. If you'd have raised that three cents and put it all on the construction of highways, the maintenance of highways, they would have been a lot more satisfied. And with these three objections, I cannot see myself standing up and voting this in Committee.

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

MR. SAUL CHERNIACK, Q. C. (St. Johns): Mr. Chairman, this has developed into an interesting discussion. The Member for Souris-Lansdowne gives me the impression that his objection is the use to which the tax will be put, not to the imposition of the tax itself. That's the way I read him. He is saying, "Sure if you haven't got enough money for roads this is the place where you can get money for roads, build roads." So now we are faced with what I believe is his intent and that is the use - or his discussion - the use to which the money shall be put. And therefore if he feels that two cents a gallon being equivalent to some \$6-1/2 million could be well used for building of roads, possibly the answer would be to have a gasoline tax of 20 cents, which is not out of line considering all the provinces east of us, and then we can devote more money for highways, in his way of thinking.

I interpret then that he is not really attacking the imposition of tax but the use of it, and I am inclined to go along with that, because I feel that of all types of material that are going to be in short supply, we know that petroleum products will be, and I have been one that has proposed, regardless of insurance, that an increased tax on gasoline is justified on the basis

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(MR. CHERNIACK cont'd) that people should have some disincentive - and I had occasion today to speak about the Conservative Party's attachment to the idea of money incentives and, I assume by that, disincentives as well. And I would say that I think that consumption of energy being what it is on this continent at this time, there should be a deterrent to the burning up of a non-renewable resource such as petroleum products, and I would recommend that it should be a little more costly to ride a car, drive a car. I think that there ought to be an additional burden for driving a car which is a heavier user of petroleum products than other cars. I have no compunctions in saying that we've got to adjust to changing times, and with petroleum products becoming - By the way, how original am I in saying this when Gerald Ford has just made the decision in his country and when other jurisdictions have also imposed a higher cost, when the Federal Government itself is controlling to some extent the price of export fuel by putting a tax to ease the burden on the Eastern Provinces. It seems to me that I'm not being original at all, so that doesn't mean that it's wrong because I'm not original. It may even be that I find support elsewhere, like in Alberta where they insist that the price of petroleum products shall go up to their advantage. And if we find that we can equitably increase a tax on gasoline, that's one thing which I think is a positive step towards fighting the somewhat extravagant use of petroleum products that we've been accustomed to.

You know, Mr. Chairman, there's been a lot of talk about inflation and about increased costs of living and about wage demands but, you know, we find that those who have the power - and those are the people in the upper income group - they are able to ride with the wave of inflation because they have the power to pass on the costs to them and increase their earnings so that they can live with it. And I know I've said it before in this House during this session, that I believe that those in low fixed incomes, low incomes, those in the lower scale must have their pay cheques enlarged not only to the extent of inflation but catch up as well. But, Mr. Chairman, I recognize that that has to be at the expense of the higher income people. If we all go up proportionately we'll do nothing but recognize the increased inflation as being part of our increased revenue. And I think those of us who are well-off - and I now address every person in this Chamber as being well-off - that we have to learn that our income is not justified to go up to the same extent that that of lower income groups.

So I come back to the cost of petroleum products, and I have no hesitation and no problem about increasing the cost to the consumer of a product such as this non-renewable resource. And in the form of gasoline, where you look around you and whether you be on the highways or whether you be in the City of Winnipeg, and you see single occupied cars on the highways, you see a five or six-passenger car with one person or two people riding in them - no effort that I can see of attempting to have pools of use of cars except at the student level at the universities. Where I drive to work, I admit, alone, and I don't use public transit, and others do the same luxurious approach to life at this time. I don't hesitate in charging a little more to those people.

Now, Mr. Chairman, firstly let's look a little bit at perspective. I know that I used to drive eight to ten thousand miles a year at a time when I had a summer cottage and commuted daily 100 miles during July and August; I know that now my mileage consumption is much less because I don't have that additional burden. But I believe that 10,000 miles is a pretty good average of a normal use of a vehicle in a year, and at 15 miles per gallon, which I think is a pretty conservative estimate of the use of a gallon of gasoline, 15 miles, at two cents - and that's the insurance portion - comes to \$13.33 a year. That's the kind of perspective I believe we're talking about. And I think we should realize that. I think that if we go out and start talking about the tremendous increase in taxation in order to pay for a part of the auto insurance cost, let's not ignore the fact that we're talking about some \$13.00 to the average driver. --(Interjection)-- a \$1.00 a month was suggested. Let's keep that in perspective and let's therefore talk in more sensible terms in that approach.

Because, Mr. Chairman, as I say, I interpret the Member for Souris-Lansdowne to be talking about the use to which it's put. Therefore if we accept the fact that two cents is not an unfair burden, that is, say, \$1.00 a month per average passenger vehicle, that that's not such a great burden, then we have to talk about how it's to be used. So we talk about increases in insurance premiums. I believe that everyone in this House said before and after Autopac came into being that we expected insurance costs to rise. But whether we said it or not, the fact is that inflation alone has created an increased cost. The fact that year by year, historically, there have been more accidents, more damages suffered, insurance premiums have been rising

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(MR. CHERNIACK cont'd) in the private industry and elsewhere, is a recognition of a fact which no one will deny. So it's a question of raising the insurance premium. Now, it could have been done by raising the portion chargeable to a driver, which is recognized as being a premium; or could have been raised on the portion payable by the vehicle, which has been recognized as a premium; or could have been raised by some other method which is related to the use of that vehicle. And that we can debate how much, what kind, what makes sense. You know, I did make some notes of what some of the members said during the debate on second reading. I made a note that the Member for Birtle-Russell said that he heard ill-informed irrational remarks on this side. I don't know how much information one needs or how irrational one has to be, nor do I expect rational arguments from all sides of the House at all times. But the Member for Birtle-Russell quoted the Minister responsible for Autopac who said in a letter that he was amazed and disappointed by an irresponsible resolution of a municipality. Mr. Chairman, that was his style, I don't particularly endorse it. I don't have to support the phraseology he uses. I think the municipality had a right to voice their objections. And it may well be that the Minister responded in his way at the time in what may have been a rational, responsible way based on the attacks he was getting and the lack of knowledge that was used - the ill-informed aspect. Or maybe he exaggerated his reaction. But that doesn't mean that what he had to say wasn't sensible, nor does it mean that what the municipality had to say was correct. The Member for Birtle-Russell quoted from a letter from that municipal council and talked about the volume of traffic is, or can be more important than the miles travelled. Well maybe, you know, that may be. Maybe a measure could be the volume of traffic. You put a meter on the meter - that is a locked meter - and you read the speedometer every so often to see how much was done. Well that may then be that a vehicle pays a certain cost for the mileage it covers regardless of the numbers of miles per gallon. But that's another measure of the same thing though. That's my point - of the same thing - it's another form of measuring a cost of contributing to the cost of the insurance.

Then the argument from the council was that the tax is passed on to consumers of goods by the truckers that move the goods. Mr. Chairman, suppose the premium went up substantially to the truckers, would not that cost be passed on to the consumer? It's again a measure of how it's done. It doesn't say that it's wrong to do it one way, because if the insurance premium went up that cost was passed on to the consumer. The Honourable Member for Birtle-Russell, or the municipality he was reading from, could get up and say "but that's wrong, don't do it by insurance because the costs will go up. Do it by gasoline used and maybe the cost won't go up." That's just as rational, just as rational as the argument given before. And they say if the private insurance companies reflect the mileage in their insurance premiums as they do, then why doesn't Autopac? So again the Member for Birtle-Russell is only arguing method. He's not arguing whether it's a terrible thing to do it or not. He's only saying do it another way. Well once we're debating which way to do it, then give us the right to have an opinion different from yours but still an opinion that has as much validity as yours. There may be various ways of doing this. But recognizing that the costs of insurance are increasing and have to be met, then recognize the fact that we are proposing it be done by a tax on gasoline, so that it will be another form of measure. We have now the measure of the driver's record, his ability to drive safely. We have another input, and that is the cost of repairing that vehicle. If it's a more expensive vehicle the premium is higher. And now we have another one relating to usage.

The member mentioned again from the letter, I believe, that the time of day is a matter of interest. The question of accident frequency, the frequency of intervals and not the number of miles. All right, maybe that's a good way. Maybe we should accept the council's proposal in that regard rather than the mileage basis. But it's still a method. It does not quarrel with the principle, that's the point I'm trying to make. All the suggestions made by the Member for Birtle-Russell and in the letter he quoted, were all dealing with the method in which one finances the increased cost of insurance. Not whether or not it should be financed but how to do it. And that's the difference between us; and that's the difference between what the Member for Souris-Lansdowne said earlier this evening.

The Member for Roblin had some comments to make. He says, he wonders how the First Minister can have a clear and honest conscience, because, he says, if the bill passes, then in two years auto insurance will not be an issue. Mr. Chairman, I submit that it is not an issue with the public or with those people who are served by auto insurance. It is an issue in this

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(MR. CHERNIACK cont'd) House because it is an issue made by the members opposite. That's fair game. I don't fault them one bit for making it an issue. The fact is they tried to make it an issue at the last election and failed. They will try to make it an issue at the next election - they will fail. Because in the end people know that insurance has to be paid for and they will know that costs rise.

Now you can talk about inefficiencies - fair game, too. There are inefficiencies in every industry. They can talk about wrong calculations - fair game. But the principle still stands and the principle is still there. And the Member for Roblin said - he quotes the Premier saying "if there will be opposition, the people will decide at the next election." He said it when he brought in the bill, he said it during the last election, he will say it during the next election, and, of course, the people will decide.

The Premier is also quoted as having said, "If it is not working after two years, well what has been done can be undone." And, of course, that's a fact. What has been done wrongly can be undone, can be corrected. What was done completely wrongly can be undone completely. But there's certainly no evidence that that is the case or should be the case.

Now the Member for Souris-Lansdowne and the Member for Roblin have had occasion to state that gas tax was for highways. Mr. Chairman, I wish they would have listened to their leaders of the days when they were in government. And never did I hear the leaders of government, whatever government, say that gasoline taxes are there to build highways. I'm quite sure of that, and the Member for Lakeside is present and he was the Minister of Highways, I believe, for some time --(Interjection)-- Yes. And maybe he'll correct me and say yes, all the gasoline . . . I know that every minister of highways I ran into would like the gasoline tax to be available exclusively for the construction of highways, but I also know that no Minister has succeeded in having that wish carried out for he has found that his budget is checked on the basis of the overall ability of the province to contribute on the needs of the province unrelated to the gasoline tax it produced. Certainly Duff Roblin didn't say that historically the gas tax was for highways.

Now the Member for St. James made some comments --(Interjection)-- exclusive. The Member for St. James talked about bailing out a deathly ill corporation. Mr. Chairman, that's just that much nonsense. Show me the insurance company in any field that has not increased its premiums in these times and then tell me that there was no need to increase premiums. Why the mere fact that there's a deficit is an indication of several factors. One may well be bad forecasting. Another is certainly the cost of inflation, the increasing costs of parts and services. Now there has to be that recognition, and that doesn't make it a deathly ill corporation, but the Member for St. James became cute and he said, "Well why not apply the same to medicare? Why not bring in a user tax? He says, "Why, the more you are sick, the more you use medicare, therefore the more you should pay." He didn't say that that's the way it ought to be but it was his rationale.

Mr. Chairman, there's a vast difference between the provision of health services for all the people regardless of their ability to pay or of their need. It's the health of the community that's concerned, and that is not in relation to the cause of accidents which is the vehicle and the driver, and the use of the vehicle is what causes accidents, and that's vastly different to those who suffer from adverse health who need medicare and those who cause damages that cause to others a burden which they have to carry. Because one can say the same about education if the Member for St. James wants to be consistent, then education should be put back to being a user tax, which it was some 70-odd years in this province, and do you remember, are you aware of the history of the tremendous scrap that took place when it was suggested that there be universal education paid from general revenues.

Now the Member for Riel also spoke on this question and he called this a subsidy, and he called it a subsidy, as have other members, but I give credit to those who spoke more recently. They gave up that argument as being a falsehood but I want to deal with it anyway. He says it's a subsidy because of the loss of accounting integrity as to income, that is management of cash flow. But, Mr. Chairman, it is completely accountable, it's even substantially predictable, based on the many years cumulative experience of what is produced before every cent of gasoline tax. It is much more predictable as to the income that will come than is the damages that will be payable in the future because of cost of repair and the cost of parts. It is absolutely accountable because at the end of the financial year, the end of the fiscal year, one will know

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(MR. CHERNIACK cont'd) what one cent per gallon produced in gasoline tax and added into the other.

However I want to make one point. The Member for Riel was critical of the advertising, that one issue of advertising, which stated, which did not correctly give the source of a quotation. Mr. Chairman, I wouldn't for a moment try to excuse that piece of advertising. I think it was wrong, I think it needed correction, I hope whoever was responsible was reprimanded. That doesn't mean the program is wrong. It means that item was wrong and I don't condone it for a moment. So don't keep pointing at us and saying, "That's a bad thing" because I agree, it was a bad thing, and if you want a chorus, it was a bad thing, we can say it for awhile, but I don't know to what extent it benefits us to keep repeating it.

One other point made by the Member for Portage la Prairie as well as the Member for Riel, is that rural areas will pay more because of greater mileage. I believe now they pay somewhat less on the insurance premium, they pay something more because of greater mileage. The fact is that out of \$13.00 a year, I don't see how much more or how much less they would pay. Let's not lose perspective on what we're talking about. Two cases of beer is what was suggested as being a possibility. Well less than one case of beer, I should think. I haven't bought beer lately but beer used to be \$6.00 a case, I don't know what it is now. --(Interjection)-- \$3.00 a case? Oh, the difference would probably be some \$3.00. So again, let's not lose a perspective.

But, Mr. Chairman, the important point I want to close with on this item is that it is an absolutely calculable amount; it is not any form of subsidy. The only nuance I recognize is the fact that the government in its zeal not to tax the non-vehicle user for that two cents - that is the motor boat driver, the mower, the lawn mower, is going to go out of its way to try and separate that portion of the two cents that is not applicable to vehicles on the highway. --(Interjection)-- Well, you know, I'm not terribly impressed with that because it must be a very minuscule part of it all, but it is an evidence of good faith and to that extent that portion, that very small portion is going to go into general revenues, and the screening there ought to be is that the lawn mower operator is going to be contributing somewhat more to the general revenues than is his neighbour, and that amounts to maybe a bottle of beer, much less a case of beer. So again let's think of perspective. Other than that slight nuance, it is an absolutely, clearly accountable item, and that is why I believe that those people who call it a subsidy don't understand what a subsidy is, or if they do understand it are therefore deliberately and maliciously distorting what is a program of revenue collection for the purpose of turning it over completely into auto insurance and for payment of damages.

The tax is obviously completely accountable, it is a third way. As I say, I give credit to the Member for Souris-Lansdowne today, and the Member for Birtle-Russell the other day, both of whom discussed whether or not this was the right way to use this revenue but not really question whether or not it was indeed necessary to increase the revenue to Autopac in order to offset a growing cost. If you recognize that there is validity in increasing the cost to operate Autopac, then by all means all we're doing is debating method, and that debate can go on forever, but it doesn't mean there has to be accusations back and forth of bad faith, which isn't true, of other matters.

Now, Mr. Chairman, the Leader of the Opposition has just come in, and I want to deal with some matters he said but they relate more to general inflation as exemplified by this tax, but since my time is running out, I will look for another opportunity to deal with that.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Chairman. Mr. Chairman, we're dealing with the Statute Law Amendment Taxation Act, and in particular the Gasoline Tax Act but, sir, at this particular time I'd like to talk just a little bit about health, and the health of the Member for St. Johns in particular. Sir, a year ago all members of the House were somewhat concerned about the condition of his throat, and the last two or three days we have noticed that his throat seems to be in remarkably good form now, so we are all very pleased that his health has improved tremendously and he is now on his feet speaking on numerous occasions every day.

Having now dispensed with the health part, Mr. Chairman, we'll get back to the Gasoline Tax Act and the points that the Member for St. Johns has raised. He mentioned my involvement in the debate in which I was concerned about the method that was used to raise the additional funds for the Public Insurance Corporation. Mr. Chairman, it is very rewarding to find

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(MR. GRAHAM cont'd) that the Member for St. Johns has finally recognized that members from this side in their concern have been expressing repeatedly the method that is being used by this government. I don't think that you have ever heard any member on this side of the House say that the funds for the Manitoba Public Insurance Corporation should be reduced. We realize that the Insurance Corporation is spending more money, continually spending more money than what it has received in revenue. We also know that when the corporation was set up that there was a promise made by this government that the fund would, or the Insurance Corporation would never be a liability on the consolidated revenue of this province, that it must stand on its own two feet. Every member on this side has accepted that, and I would hope that members on the other side would also accept that philosophy. So far, sir, we haven't seen that because the St. Johns' shift is evident here again, that we're shifting from one source to another in the collection of revenue, and we find that through the taxation powers that exist through the Financial Administration Act that taxes are being raised and then being diverted to the Public Insurance Corporation. Then we also heard from the Member for St. Johns tell us that the accountability for this was absolute, that we were absolutely sure that it would be the exact amount every year that would be computed monthly and turned over. But I would ask the Member for St. Johns, and I want to deal with a particular clause, and that's Clause 36, under the Authority to Pay from the Consolidated Fund. In Clause (c) it says, "Make each monthly payment mentioned in Clause (b) computed on the basis of the estimated amount of tax collected." The estimated amount and paid into the consolidated fund. And we find, sir . . .

MR. CHAIRMAN: The Honourable Member got a point of privilege? Would the honourable member state his point of privilege?

MR. CHERNIACK: I'm not sure . . . it's a point of order. I'd like to know whether the member is dealing with this section because I don't know what he is reading from now, and I think that it should be clear.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, we're dealing with the Statute Law Amendment (Taxation) Act, Part 1, Section 1. Perhaps I should wait to make my comments then on this Section 36 later. But, sir, I think it's just as well that the comments be made now.

MR. CHAIRMAN: Order please. The Honourable member will have to make his remarks to the clause or item under discussion, not to a further clause. If that's . . .

MR. GRAHAM: Very well, Mr. Chairman, I will not refer to that particular section at all, and repeat again that we on this side have always been concerned about the method that this government is using to raise the funds for the Public Insurance Corporation. It's the method that we have been arguing about, because what is being done by the government is quite different than what the government promised to do, and in that respect that is the issue that we on this side of the House object to, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Well, Mr. Chairman, with the help of the Honourable Member from Birtle-Russell and the Honourable Member for St. Johns I have a few specific comments to make dealing with Section 1 of Bill 40 now before us in Committee, and they are namely these, that to some extent the remarks made in the last few moments helped to clarify part of the problems that the opposition has with this particular section of this bill recognizing that we want to pass the bill as such. Recognizing that oppositions traditionally have passed omnibus bills such as this in the past. But we have a specific difficulty in that in this bill is a particular section that gives us problems. If the bill was the kind of general housekeeping that involves the Tobacco Acts, or amendments to the Mines Act, and amendment to the Succession Duty Act, amendments to the Revenue Act, and all these other things that have already been indicated to us as being primarily of a housekeeping nature, we would not be involved in this protracted debate on this bill.

But, sir, the question of the three cent tax rise in automotive fuel is one that of course, you know, we would be negligent if we didn't choose this occasion to make some of our objections known.

The Honourable Member for St. Johns correctly identified a bit of a problem that the opposition has in identifying a kind of a two-way approach that the Opposition has taken on this bill. On the one instance there has been a suggestion made by the Honourable Member for Roblin, just a little while ago the Honourable Member for Souris-Lansdowne, that this kind of

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(MR. ENNS cont'd) taxation should be dedicated to the use of improving our road and highway system. I would have to concur with the Honourable Member for St. Johns that as a former member of the treasury bench we did not accept the dedication of this particular tax for this specific purpose at any time. As a former Acting Minister of Highways he is also correct in suggesting that I would have liked to have dedicated this particular tax for that specific purpose. It would be so much clearer and neater. But that was not the case but nonetheless that does not preclude the general impression left by the public, and accepted by the public, and by and large accepted by members of government even though we never spelt it out, that essentially - and I think this is rather important - people in a democracy will accept the imposition of a tax if they believe in its use and whether it was properly dedicated to and formally identified as such. Traditionally, gasoline motive taxes have been roughly equated with the kind of dollars spent on highway and road improvement. And to that extent the Honourable Member for Roblin, the Honourable Member for Souris-Killarney is correct in making this argument, although I do concede the point made by the Honourable Member for St. Johns that that was not specifically done.

However the other point that the opposition raises its objections to, and these are more fundamental. The Honourable Member for Roblin indicated that the First Minister had said in a speech some time ago in this House that two years from now the Autopac question would no longer be an issue. It was mentioned by the Honourable Member for St. Johns today that it is only an issue in this House, it's not an issue outside any more. I can't recall which particular source of the media it was, but I can recall reading over the weekend, I believe, in either one of our major newspapers an appeal by one of the media members that kind of just said, "Well let's get on with the Autopac debate and forget about it. We've just had too much of it."

One of the problems that the imposition of this section of this Act does, it continues to add the fuel to the Autopac debate because it continues to add confusion to what in fact is the price tag for Autopac to the motoring public of Manitoba. And you know, Mr. Chairman, certainly one of the things that the honourable members opposite made very clear to us when they introduced Autopac to us, and I won't even talk about the wild statements made in the introduction of Autopac, the 30 percent savings across-the-board - you know that's the way Autopac was initially started, that's what it was. Mr. Chairman, you see if in fact the things that they predicted came true there of course would be no debate. Because I just don't believe for a moment that I could find a Manitoban anywhere in my constituency, in the city, anywhere, that if he was saving 30 percent that he would be prepared for one minute, for one minute to listen to a continuing Autopac debate for two years. Of course, Mr. Chairman, that hasn't happened, that 30 percent has shrunk to perhaps 15 percent now, 15 or 20 percent if I read correctly the statements made by the First Minister and other people, and then that is of course still in doubt. Well, Mr. Chairman, why is it in doubt, why is it in doubt? It's because of what we're doing here tonight, by the proliferation of how the funds for the Autopac Insurance are collected, and they are already manifestly proliferated, through the issuance of a driver's license permit, through the issuance of the premium itself, through the classification systems, through the deterrent marks, and now with the imposition of a motive fuel tax. And, Mr. Chairman, this only adds to the kind of difficulty in making what honourable members opposite like to say is so clear and so simple. That their system devoid of all the advertising costs that the private sector has, and of course that's a patent lie. In fact we have the honourable, former Minister of Finance apologizing for some of the advertisements, the fraudulent advertising carried on by this corporation. --(Interjection)-- Well suggesting that it was wrong. But the mere fact that their advertising - quite frankly no one has explained to me why Autopac advertises. It is the law of this land that we all buy from that one insurance corporation. You can't get a license without having that insurance. Now why is Autopac advertising? Nobody's asked that question.

A MEMBER: Cheap revenue.

MR. ENNS: Information. But, sir, I agree with you, I agree with you I'm a free enterpriser, I believe that if you build a good mousetrap you have to advertise it before people will beat a path to your door. I believe in that system. But that's not what we heard in the introduction of the bill, sir.

A MEMBER: You didn't read the ads.

MR. ENNS: Well maybe the mice should read the ad too. But, sir, that's not the way

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(MR. ENNS cont'd) the bill was introduced. The fact of the matter is that the First Minister and members opposite said, once introduced it would become patently obvious to all and sundry that there was just no question as to the desirability of the two schemes. So, Mr. Chairman, why are we now still, two years later, still comparing rates. Why are individual members still getting letters from Alberta, or other places, from Toronto, saying that, "By gosh I just moved to Toronto and I can get my Chevy insured cheaper in Toronto than I can here in Winnipeg or in Brandon." Now I don't know whether that's right or wrong; I don't know whether he's all mixed up, but obviously in the mind of that person that experienced that, that all too obvious saving that was about to come into being, that 30 percent saving, because of no advertising, most of the litigation costs taken out of Autopac, you know. Really we should. . . I agree with the Member from St. Johns, you know, this should not be an issue any more. And do you think, Mr. Chairman, for one minute that we are really that poor politicians on this side of the House? Do you really think that is how we happen to get elected the last time around when most of the political pundits, including the members of the fourth estate, indicated that there would be 40 of you on that side and maybe 12 of us on this side left? Let's understand one thing, Mr. Chairman, that there's obviously still a very great and continuing concern, one that I expect to be manifested in the by-elections in Crescentwood and Wolseley, very shortly, that the question of Autopac is still very much an issue.

MR. CHAIRMAN: Order. I've been very lenient with the member but now he's starting to drift off into by-elections, and whatnot, and I see nothing in Item 1 about by-elections. We're dealing with the Gasoline Tax Act, and I wish the honourable member would stay on the item. The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, I accept the admonition of the Chair, and it's not my purpose tonight to delve too far off the particular section that we're on. What I wanted to do, Mr. Chairman, was to indicate to you, and to the House, the fact that the opposition has, you know, a two-pronged problem here in the sense that we cannot, we cannot with any amount of intellectual honesty argue the fact that any corporation, private or public, in this day and age does not require more funds to do the same job, never mind doing a better job. I could also point out, as my colleague the Member for Riel pointed out, which was ignored again by the honourable members opposite, that it is also a fact that the very system introduced by this government encourages, encourages higher and higher expenditures because of some of the checks that have been taken out of the system. It was an admission that he wrought out of the Director or the Manager of Autopac during the committee stage. I wasn't at that committee. I can't go into more detail, but certainly that aspect of absolutely no holds barred, you know, that shift, that change of now all of a sudden referring to dented fenders as an investment rather than as a cost, you know, is something that we're going to have to pay for. And we recognize that we're going to have to pay for that.

What I suggest, Mr. Chairman, is that by using this vehicle, by adding part of the costs of Autopac onto the automotive fuel tax, is that it is going to ensure the continuation of the confusion of comparing rates. As long as we have a country where you have certain jurisdictions covered with private insurance, other jurisdictions covered with public insurance, and the public insurer being more capable, more capable of using all the different kinds of end runs. He can manipulate his deterrent charges at will. He can cancel out drivers' license at will. He is the authority that does it. He can put the surcharges on at will. The private insurer has some of these fields open to him but to a far more limited extent. Then you are going to have a continuing, as long as this persists you are going to have a continuing debate when we try to compare the costs of public and private insurance.

So, Mr. Chairman, there are those of members opposite who have argued that charging the entire premium of auto insurance to the gasoline tax is one that's worthy of some consideration. And quite frankly, it's rather an attractive suggestion. I believe that there would be a tremendous amount of difficulty in sorting out some equity in that system. I would believe that it would be a tremendous inequitable, you know, burden upon many of our commercial drivers. It would throw out of whack those schedules of costs that, particularly in the rural area, rural centres depend on for the delivery of goods and services, that would bear no relationship to the actual cost of insuring vehicles and for this reason, as attractive as it may seem, to simply do as we did with Medicare and abolish the premiums and put it all on the surcharge of gasoline tax, it has a neatness to it, it has a cleanness to it, that appeals to members not only on

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(MR. ENNS cont'd) that side but on my side. But for the reasons I just expressed, particularly in a province with the geographic problems that this province has, with certain smaller communities, rural communities, depending to a large extent on service by the commercial trucker and otherwise, that there would have to at least be considerable adaptations made, provisions made, allowances made for commercial carriers, etc., that might overcome this. But, sir, that system would even be more appealing to me if it were done in total.

What I object to, Mr. Chairman, what the opposition objects to, and I think I speak for the opposition because we intend to vote against this section of the bill - we object to this section of the bill as being another step to make it more difficult for the average Manitoban to know what he is paying for his Autopac insurance, for his comprehensive insurance comprehension. Now we have every reason therefore, Mr. Chairman, to suggest - and it is fair game for us to suggest that the government is using this particular device to confuse the issue, to make it more difficult to know what the average Manitoban pays for Autopac, and that they have chosen this with some deliberateness on their part.

Mr. Chairman, that is not the way the government entry into the comprehensive automobile insurance came about. It's been stated before by other members that it would be at all times very clear where the premium dollars came from, what they amounted to, so that they could at all times be open by the average motoring person in Manitoba, for comparison to other systems being offered not only in this country but, indeed, in other countries of the world as well.

Now, Mr. Chairman, I feel that to some extent it represents lack of confidence that honourable members opposite show in their comprehensive automobile insurance corporation, when they are afraid to let the full costs of this service be portrayed and presented in such a manner that it could be readily and quickly identifiable by the users of that service. If they have to divide that into four and five different categories; if a person has to sit down and figure out how many miles he travels in a year; if a person has to constantly be aware of how many deterrent points he has on his licence; if a person has to be aware of how many driver licences there are in his family; and then add that on to the basic premium structure before he can compare his insurance costs with his friends living in Toronto or Edmonton, that, Mr. Chairman, tells me that this government is far from all that confident about the performance of Autopac in this province.

MR. CHAIRMAN: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Well, Mr. Speaker, I know that my colleague the Minister responsible for the MPIC would like very much to enter into the debate since the subject matter on this section of the bill is very much close to his heart, but I know that he has had ample opportunity on previous occasions to reply on behalf of the public automobile insurance. I would like to take a few minutes this evening to speak to the substance of what has been said by honourable members opposite, and in particular by one specific reference made by the Member for Lakeside. Because he did treat seriously, or attempt to, the question as to the justification or the lack of it, for conceptualizing about the application of a surcharge on gasoline, or gasoline taxation, for purposes of highway automobile insurance. And I would like to take just a couple of minutes to dwell on that.

It seems to me that indeed there are those who have written in public journals about the pros and cons of applying on the cost of motive fuel a charge for insurance because it bears some relationship to the extent to which there is exposure to risk on the highways and streets. I tend to agree with the Member for Lakeside that if one were to think in terms of an ultimateness or a completeness of application of this principle, it is fraught with many practical problems. And I am not convinced at all that it would be equitable. But I daresay I can suggest to him a rather more limited, but I feel completely justifiable application for some quantum of gasoline or motive fuel tax to cover insurance risk. And I think of gasoline and motive fuel surcharge, or surtax, as being completely justifiably applicable as a replacement for that historic premium that has been charged over the years known as preferred risk, general, and all purpose, because what has been the justification, or the alleged justification for charging the standard premium, and then over and above that standard premium a surcharge known as, or a differential perhaps more accurately, as between those who drive their car to work every day, those who drive their car only for pleasure, and the difference between the two did make quite a difference in the premium. Those who drove their car to work every

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(MR. SCHREYER cont'd) day got a general rate, and those who drove it for pleasure only got a preferred, on the theory that the latter group were using their vehicle less often, therefore less exposure to risk, to accident and risk. I believe to that limited extent that there is complete, but complete justification for a substitution of a motive fuel tax as a replacement for not the entire premium by any means, but that differential in premium as between preferred and all purpose, because those who use their vehicle more often will be consuming more motive fuel and therefore they will be paying that differential by virtue of the motive fuel surtax.

So I feel that there isn't really much doubt about it that one can engage in some useful practical theorizing - if I may put it that way - at least to this limited extent. We are not, of course, venturing any further in this legislation. In fact, this is a tentative probing as to the extent to which it might be justifiable to have some day a discontinuation of the preferred and all purpose categories and looking after the difference in mileage driven and fuel consumed, and therefore fuel consumed as a means for covering those calibrations. Apart from that, Mr. Chairman, there is no desire to justify beyond what we have already done through the Minister for Autopac, of the operations of the Manitoba Public Insurance Corporation. I know that some honourable members opposite would like to keep it going as an issue, and I suppose that just from the law of probability itself that there will always be some proportion of the population who will look somewhat disgruntled vis-a-vis Autopac, and there will be those who regard Autopac as giving them in a relative sense, relative to all jurisdictions around them, on the cost of automobile insurance, will regard it as a relatively good buy.

I don't know on what basis honourable members opposite think that somehow there is some God-given right why we in this jurisdiction must enjoy, must enjoy automobile insurance premiums that are substantially below those in other parts of the country, or the continent for that matter. I know that they will not want to take my word for it, and I can just as easily tell them that I have no intention of taking anything that they have said as being definitive or accurate.

They may be interested however to look at an article written by John Doig which covered a feature front-page section in the Toronto Star just three weeks ago. Unless honourable members opposite think that I'm going to do some selective quoting from it, I am quite prepared to have this tabled so that they can read it all in its entirety for their own edification and enlightenment. John Doig is not someone whom I know as being particularly biased in favour of public operated programs and schemes. I know him as one who is a former executive-assistant to a Minister of the Crown in Ottawa, some few years ago, and he has been a reporter for a few years now and took this on as a feature assignment. But in running an all-provinces interprovincial comparison of what it costs to obtain a given level of insurance coverage as between private companies in the private company provinces and the three public insurance company provinces, it is interesting to note what conclusions he has come up with. And only someone who is completely determined to be biased in advance, which is another way of saying prejudiced, will have to take note of the fact that there is indeed a rather surprising and impressive and substantial differential in cost. But on which side of the ledger does that differential exist? It certainly and most emphatically doesn't exist in the way in which the Honourable Member for Souris-Killarney would have us believe but rather in the opposite. When one looks at domestically made cars, whether it's a 1974 Ford Galaxy or a 1973 Chevelle, it matters not, one sees there is a differential of not \$10.00 or \$20.00, not \$20.00 or \$30.00, but in excess of \$40.00 and \$50.00. And it's about as simple as that. And when one takes into account - but why should I assert that, Mr. Chairman, and have honourable members merely reply that I am a biased source. I would just as soon quote from this gentleman's feature article in which he indicates that if premiums were raised sufficiently to wipe out the insurance deficits in British Columbia and Manitoba, their premiums still would be lower than those quoted in the chart for the private enterprise functioning provinces. By the same token, the figures given here for private insurance firms do not reflect increases planned for July 1 of this year. Industry spokesmen in Ontario in the month of May estimated that the increases in their province will average about 15 percent in July, and this is coming on the heels of 10 percent in January, coming on the heels of 20 percent last July, or June 19th of last year. And so it goes. The world, Mr. Chairman, is not static. The wonder world of car insurance premiums in the past 24 months, anywhere on this continent, has been dynamic in the most basic and elementary sense of the word. But somehow those who want to make simplistic analyses and comparisons

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(MR. SCHREYER cont'd) say well is it 15 percent cheaper. Well if one merely looks at the chart comparison, one sees that is so.

I rather suspect that what some of my honourable friends are doing is taking premiums in the year of our Lord 1974 or '75, comparing them with 1969 and wondering why there are no savings. I mean that's the only conclusion I can come up, Mr. Chairman, in order to try and fathom what it is that they are protesting or arguing about. Their dissatisfaction would seem to imply that in Ontario, Quebec, other provinces, that they are happy with their existing system. But, sir, that is far from the case. There are standing committees studying it, royal commissions of investigation, and there are increases, sir, increases every year without fail. Some years with two increases, and I understand that in a 12-month period from last June 30th to June 30th of this year, there may well be three increases. I would rather not venture to be accused of exaggeration by saying four, but it is quite safe to say three. And shall we look a little further at this particular assessment here. They complain about service and here in the working up, the interviewing for the information as background to this article, they interviewed a divisional claim superintendent with State Farm - in case anyone thinks this is fictional and anonymous, let his name be put on the record, a Mr. Brian Bloy - and he indicated that upon visiting centres of public insurance in Manitoba and Saskatchewan, he said, and I quote: "This is the direction the private companies must go in." But the only point I would argue with there, Mr. Chairman, is that he ought not to end his sentences with a preposition, but apart from that it's fine in every respect. "Apart from giving the driver speedier service," he said, "the system helps keep down repair costs." But of course he is inexperienced in the field being only a divisional claim superintendent; we have juxtaposed against that the opinion of the Member for Souris-Lansdowne that the way in which claims are assessed under public insurance somehow has an inherent built-in tendency to cause repair costs to escalate. But yet we have this gentleman saying exactly the opposite, and he is in a position where, if anything, he would have a slight preinclination, to say the least, against an objective assessment of a public insurance system.

I know that anyone who has an accident here can feel some frustration with the process of claims handling. What is forgotten, of course, is that in other parts of this world, people who have accidents also have frustrations and any objective person would try to find out what is the relative degree of delay and frustration; it's not a case of one system being capable of functioning without delay and without frustration and the other being completely guilty with respect to that problem.

But, you know, the kind of differential in premiums would indicate that if one took the drivers' licenses, plunked them all in, and also the two cents a gallon surcharge which is a partial substitute for the differential sur-premium as between preferred all-purpose and general categories, then there is still plenty of scope for being able to make the assertion, and making it easily, sir, that there is indeed a cost difference in accrued aggregate average sense of anywhere, easily, in the range of 10, 15 percent.

I don't know where my honourable friend gets the figure 30. Fifteen percent is an objective which we felt was realistic, capable of being attained, and which in the fourth year of operation, we feel is still quite capable of being attained. Of course, it depends on what part of a year one wants to measure. But if my honourable friends wish to contact any relatives or friends that they may have in other parts of the country, I would certainly invite them to run their own comparisons and see how close or how far they come to the targeted 15 percent favourable differential. And of course those who have under-25-year-olds in the family, they indeed must be lying, or hypocritical with a capital "H", if they try to pretend that the favourable differential is anything less than 20 percent. And that, sir, is putting it very very conservatively. I mean one doesn't have to go a thousand miles in order to run this kind of premium price comparison, one need only go to Kenora - Kenora, Ontario that is.

I don't think that we have ever postured that our rates in Manitoba are quite as good as they are in Saskatchewan. I have no hesitation in saying that automobile insurance in Saskatchewan is the cheapest in this continent, and by a fair bit too. But apart from Saskatchewan, one need only go to Kenora, Ontario which is really the first incorporated village or town that one encounters travelling eastward. Take a drive some Saturday or Friday and make your comparison, and do it yourself and don't take it second or third hand. Kenora, my honourable friends all know where it is. Why don't they check, find out for themselves instead

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(MR. SCHREYER cont'd) of posturing here saying things, using figures that have no resemblance to reality?

I might just point out, too, Mr. Chairman, the reporter himself in speaking to the chart that was prepared, I would think quite labouriously, the chart on this page deals with adult drivers who have not had an accident for three years. If younger motorists are considered, the difference in rates are much more dramatic, even more dramatic than they are shown here in the chart.

"Generally speaking, the public schemes in the west set equitable rates for all drivers then adjust the premiums according to accumulation of demerit points." I think that that is rather a low-keyed compliment. The public schemes set equitable rates for all drivers then adjust the premiums according to accumulation of demerit points, which is a little bit of a different approach than the historic one which still obtains in these other jurisdictions where they start out on the basis of rather artificial actuarial calculations - and some of those, even I'm prepared to say, quite contrived - and the contriving of it shows up quite clearly with respect to the rates charged of the under 25 year olds - entirely divorced from the accident record of the individual under 25 years old but because he is in that grouping. Whether he has been accident-free for 5 or 6 or 7 years is immaterial. He is charged a rate that is, I am convinced, there is difficulty in providing actuarial justification. But the reason it was done that way, sir, is because it was - talk about political motivation - but because this particular group were young and they were anxious to drive and therefore the least likely to quarrel or quibble with insurance premiums and their justification, they were the ones that, as in that TV show of a few years ago, "sock it to you," and that's precisely what was done for many many years.

I think that perhaps it would be edifying all around if I were to table this, sir. I will try and get unmarked copies to table but if that is difficult I will table it as is and would recommend it for reading to the House. It is not written by myself, it is written by someone who I've indicated has worked on a feature assignment in that regard.

But still speaking to Section 1, I would say, Mr. Chairman, that what is proposed here - to allay the fears of the Member for Lakeside - is not . . . there is no commitment, far from it, to the utilization of a fuel consumption surtax to cover insurance risk, but we do feel justified, to a limited degree, in a substitution, partial at first, see how it works, substitution of motive fuel consumption surtax with respect to that one aspect of car insurance premiums that relate to the differentiation between general, all purpose and preferred types of categories, which really means in a sense, between those who drive to work every day and those who presumably drive less frequently. And on this basis at two cents it means to the average driver, 10,000 miles a year, 15 miles to the gallon, city driving, more stops and starts therefore more consumption, more gallons per mile, less miles per gallon, there is a higher amount paid. But then again, sir, you see city driving is more subject to dented fenders than driving in rural Manitoba, so that there is, I don't feel, any need to apologize for the fact that city drivers per mile driven will be paying a little more by way of this than rural drivers. And for the Honourable Member for Birtle-Russell who has tried to make it the other way around, I think he would be well advised to inform his constituents that the reality is almost the opposite of what he was trying to allege.

A MEMBER: And I thought you were the spokesman.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I listened with great interest to the First Minister in what appears to be a rather reasonable presentation in which he appears to provide a reasonable basis for the reasons for a two cents gasoline tax. He's interested in the theorizing that can occur with respect to the pros and cons; I think he would like us to more or less settle the debate and discussion along those lines.

He's concerned about why we are upset and why we are raising it at this time and why we are insistent on debating the point, and he seems to think that we should forget all about what happened several years ago in this Chamber and the commitments and promises that took place in that debate and the commitments and obligations that were undertaken in the committee when we dealt with an issue which we believe could have been handled properly in a rational way by regulation and which the government is determined to nationalize. And he's upset - or at least he doesn't appear to be that upset - but he's concerned that we are not in some way prepared to accept the kind of statements that they're making and, I think he would like us to accept at face

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(MR. SPIVAK cont'd) value the kind of commitments that he just made. But, you know, that's horse feathers based on his performance. --(Interjection)-- Well because let's look and see what really happened. --(Interjection)-- Well that's interesting about the article that's been written. Did the article take into consideration the deficit of Autopac in determining it? Now he was able to make a comparison. When Mr. Dutton appeared before the committee and we asked him to compare the rates of Manitoba with Saskatchewan, he said "I cannot compare them because they have a gasoline tax subsidy and on that basis there is no way in which the comparison could be made." That's what Mr. Dutton said. The chairman who worked in Saskatchewan, was involved in the Saskatchewan Auto Insurance Corporation, he in giving his evidence, his statement of his equity, said he couldn't make a comparison, and now someone else has made the comparison which the --(Interjection)-- Well I think it's a pretty good argument because if your own chairman says --(Interjection)-- What? --(Interjection)-- No, he said he couldn't make a comparison.

MR. CHAIRMAN: Order please.

MR. SPIVAK: He said he couldn't make a comparison once there was an auto insurance subsidy. But you see, what's our problem . . . What did you say? . . . --(Interjection)-- He's dumb? He's your chairman, he's dumb. I would suggest that that's a pretty dumb statement.

MR. CHAIRMAN: Order please. Order.

MR. SPIVAK: But you see the problem we have in this is to understand correctly, you know, what has taken place. See, the Premier made some statements years ago, you know, and we just have to go back a bit, said, "Autopac rates will stay . . ."

A MEMBER: Not years ago. Not years ago. Two years ago.

MR. SPIVAK: Well, no, he made some three or four years ago. I want to go back to it. "Autopac rates will stay steady until '75, that's the premium." I'll not recite the speech. "No boost until 1975. Schreyer."

MR. SCHREYER: I was out by one year.

MR. SPIVAK: Well, you're out by one year. In the shallowness of the debate that's been presented, for him to suggest that he was out by one year. You reduced the premium when you knew there was a deficit.

A MEMBER: Right.

MR. SPIVAK: So don't say to us . . . yes, Mr. Chairman, you reduced it when you knew there was a deficit.

MR. CHAIRMAN: The Honourable First Minister on a point of privilege.

MR. SCHREYER: Yes. My point of privilege is that one has to accept all manner of opinion, but one does not have to accept a deliberate distortion of the record. Because I have stated on previous occasions that in hindsight we acknowledged that it was a mistake to have reduced the premiums by five percent. On the other hand, at no time did I ever say, nor was I aware in April or whenever it was, March of '73, that we would be running a deficit by the end of that fiscal year - which didn't come for many many months later.

MR. SPIVAK: Well, Mr. Chairman, you know, the Premier is asking us to believe a great deal. And frankly I don't think that we on this side can believe it, I don't think the people believe it. For the simple reason, the same general manager was able to tell the committee in the following year that he knew in May of that year that there would be a \$10 million - forecasted a \$10 million deficit for the following period. That's exactly what he said. And if he knew in May of '74 he knew in May of '73.

A MEMBER: Oh, ha, ha, ha, ha.

MR. SPIVAK: Oh, ha, ha, ha, ha. Who are you trying to kid? Look, there was an election. One of the problems with you is that in terms of the posturing and the terms of the debating point, you make your position and that's it. You haven't got the guts to stand up and say what has really happened. Nor have you got the guts to say what's happened with respect to this particular bill, because you are going back on your word.

A MEMBER: Right.

MR. SCHREYER: Mr. Chairman, on a point of privilege. I believe the rule is quite clear in that respect. I am not going back on any word. I've indicated an error in judgment to the extent of five percent, and that's all. And that's all I said at any time. And for my honourable friend, in particular my honourable friend to raise any question of voracity is absolutely astounding, him especially.

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MR. SPIVAK: Mr. Chairman, I merely questioned . . . I would cite for the record as to whether or not --(Interjection)-- I would cite for the record as to whether or not the Premier has ever gone back on his word, and I want to refer him to Hansard in the debate on Autopac and to what he said, and I want to relate it to this particular section and see whether he's going back in his word. And I quote Page 3213 of the 1970 Hansard on June 24, and he says, and I'll just quote this one part, and I want to requote this when I talk about the Honourable Minister of Mines and Natural Resources and about the statements he made in second reading on this bill. He said, "Well, Mr. Speaker, after claiming incorrectly," and he was referring then to the Leader of the Opposition at that time, "that the government plan would somehow involve tax dollars in addition to premiums." Well, Mr. Speaker, after claiming incorrectly --(Interjection)-- Yes - that the government plan would somehow involve tax dollars in addition to premiums.

A MEMBER: It doesn't.

MR. SPIVAK: It doesn't?

A MEMBER: What are we passing this tax bill for?

MR. SPIVAK: The gasoline tax is not tax dollars.

A MEMBER: Oh for God's sake.

MR. SPIVAK: Oh for . . . Well all right now we go to the rationalization and here, Mr. . . . in here . . .

A MEMBER: It's a surtax.

MR. SPIVAK: It's a surtax so it's not tax dollars.

A MEMBER: It's not a tax.

MR. SPIVAK: It's a surcharge so it's not tax dollars. It's raised as a tax so --(Interjection)-- Quibble? I mean you have absolutely reached the lowest point of intellectual honesty if you suggest at this point that somehow or other this surcharge is not a tax. You see one of the problems, Mr. Chairman, and the Honourable Minister of Mines and Natural Resources did this in the debate in the Committee, when we talked in the Communities Economic Development Committee. He suggested at that point that the government in connection with something will take their position and we will take our position, and the Minister's position always has been in the adversary system in which he has operated both as a lawyer and in this House, that it doesn't make any difference what the facts are there's always a position to be taken. There is always a position. Mr. Chairman, I . . .

MR. GREEN: Mr. Chairman, on a point of privilege. I have never said that it doesn't matter what the facts are. The only person who I've ever heard say that was the Leader of the Opposition who said, that every good lawyer has to have manufactured his case, that's the first thing you learn in law school. I never learned that in law school but I went to a different law school. He was at Harvard, and they teach them there, I suppose, to manufacture a case. I have never said that.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I'm sure that we'll have the opportunity to debate, and I'm sure the Minister will have the opportunity to debate, I just do not understand. --(Interjection)-- Well, Mr. Chairman, that's my interpretation of what he said, and he knows that very well. But what happens in every situation is the government take its position and they will interpret in the best way they can, and they have a very weak position, in fact they have no case at all, so therefore they will stammer away, and the First Minister will stand up and say to the Honourable Member for Lakeside, "That's a very good argument let's discuss the merits of whether there should or should not be, let's try and understand on a theoretical basis as to whether a tax should or should not be levied by way of a gasoline tax or not, and let's finish the debate and argue that we think it should, you think it shouldn't, and forget about it." But that isn't the issue. The issue is that there were promises and commitments made at a time, when the whole issue was involved, when the question of whether the government should enter into the nationalization of the industry, and the government has gone back on their word, and the First Minister's gone back on their word . . .

A MEMBER: That's right.

MR. SPIVAK: . . . and the Minister of Mines and Natural Resources have gone back on their word. And the people are paying. And any suggestion at this point that it's only two cents now, and that really this is only to sort of penetrate this thing to be able to sort of have a

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(MR. SPIVAK cont'd) tentative program to be able to ensure whether we'll continue or not, is horse feathers. The fact is that they cannot face the people, as they said they would, on the basis of the way in which Autopac has been conducted with the full cost and ask them for support and expect to get it, because the people will throw them out, and they know it. Autopac is not what the members opposite suggested it would be. The people are not happy with Autopac, and, Mr. Chairman, and I suggest to you that I am perfectly orderly, it is an issue in the by-elections because that's the only way in which the voters of this province are going to have an opportunity at this particular time of making any kind of determination as to whether they want support of the government or not, or as to whether they're prepared to accept the tax or not. But you know the Minister - and this is the problem - . . . want to somehow or other, you know, remove themselves from the position that they're in, from the exposed position that they're in, from the position they must have recognized right away they would be in in introducing the tax, of basically subsidizing the industry and not - or subsidizing Autopac - and not allowing it to stand on its own two feet as was always suggested. Always that it would stand on its own two feet, never that it in somehow or other that general revenues or taxes would be levied for it. The problem is that, you know, the commitment has been broken, just as the statements by the Premier with respect to what would happen in 1975 were incorrect, his judgment was wrong, and just as I suggest to you, and I will place on the record that any suggestion that there will not be an increase in years to come with this administration of the gasoline tax as a means of subsidizing Autopac is ridiculous. It will continue. They are not prepared to meet the people, they are not prepared to account, they are not prepared to place themselves on the basis of the facts, and it's the deliberate fuzzing up of the whole issue that's been undertaken with an attempt to try and somehow intellectualize and rationalize this, that's being undertaken by the Minister and by the members opposite, and it won't wash because the people know better. The people do know better. --(Interjection)-- Oh yes, the people --(Interjection)-- Oh yeah, sure. You reduced it 5 percent when you had a \$10 million deficit.

A MEMBER: Nonsense.

MR. SPIVAK: That's why you're there and we're here. No, sir . . . nonsense. You know, I've listened enough over a period of time to the statements by the Ministers, by the statements and answers to certain questions, and I can tell you now that the way in which you've operated now, and the kinds of answers that have been given, and the kinds of information, wrong, misleading information that's being furnished, is such to, you know, put a complete cloud on anything that's happening on the opposite side.

So, you know, we have a problem. The Autopac will release a statement and say, as expected, rates will rise but Manitoba motorists will continue to enjoy the lowest possible premiums in Canada. They'll make that statement. They'll pay for it out of the revenues earned by Autopac, or the subsidies coming from the Provincial Government and through taxation, and they'll make that statement and distribute it, and the people are going to have to believe it. This is Big Brother telling what the information is. Because it has to be correct because they say it's correct, and because the First Minister stands and says it as First Minister. Who is going to question the First Minister? Who would believe that the First Minister would say anything that's not correct? And so, we have this complete fabrication of what has happened in the past, what is happening now, and we will continue to have the fabrication because they cannot face the situation and present themselves for a proper moment of truth on the facts, on where it really stands.

So I say to the Honourable Minister of Mines and Natural Resources, and he spoke on second reading, when he said nobody in this House said that they would limit the method of financing to a premium system, I say to you that the First Minister did say that. I say that he suggested to you that Autopac would stand on its own to this House. I suggest to you he suggested there would be no subsidization and no other tax dollars involved. And that's exactly what he said, and what we have in this is an actual repudiation of his position, a reversal, and the problem is he hasn't got the guts to admit it. What he would like to do is rationalize it. What he would like to do is weasel out on it. What he would like to do is somehow or other suggest that there is something different here, it is not a complete repudiation. Because you know - and I'm sorry the Honourable Member for St. Boniface is not present here, because to a large extent, the people of Manitoba can thank him for this tax. If any tax bears on someone's shoulders, it's on the Member for St. Boniface, because during that debate we went

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(MR. SPIVÁK cont'd) through a lot of emotion; we saw emotion expressed in different ways. We had the final debates, and the final position that this was only permissive legislation. It wasn't actual legislation, it was permissive. It was permissive to allow the government to do it and then he would make, you know, make an assessment, and then he would make a judgment, and then determine what he would do. And, of course, he has become a Cabinet Minister and he knows exactly what he's going to do. He's got to save his own political skin so they'll keep supporting him. But the fact is that he --(Interjection)-- What?

MR. GREEN: That is vulgar.

MR. SPIVAK: Oh, that's vulgar. Yes, that's vulgar, just as permissive legislation is vulgar, just as the whole argument is vulgar, just as the suggestion then that there would be no subsidy by the taxpayer, that there would be no additional tax dollars is vulgar; just as the position and posturing that you're taking, that somehow or other, somehow or other that government, concerned with Autopac as an issue in an election, did not know going into the election that there was going to be a deficit of \$10 million projected and reduced the premiums.

MR. ENNS: That's vulgar. That is vulgar.

MR. SPIVAK: Yes. Who are you kidding at this point? You know, how stupid do you think the people of this province are? They're not that stupid, you know, and I think it's a reflection on their intelligence that you believe that you can stand up continuously and keep spouting this garbage out over and over and over again, and expect that in the Chamber here and in the hustings, and the people of the province will accept that. The fact is that Autopac has not worked out as you believed it would be, that it is not giving a savings to the people, that in effect, the management has been bad, that the costs are rising, that the deficits are rising, that in addition to this kind of subsidy there will be other subsidies that will have to be added, and that the people are going to have to pay again and again for your intrusion into the business affairs of this province and your failure to be able to mobilize properly and effectively in good management terms for the task that you had, notwithstanding that you had a monopoly, you've messed this up. This is a fiasco as Saunders is a fiasco, as Flyers is a fiasco, and as almost everything you've undertaken, that you've touched in the business area has been a fiasco. You were not equipped for it; you were not equipped for it. --(Interjection)-- You say we're not but the receiver says we are. Yes, I know.

MR. CHAIRMAN: Order please. I think I've given the honourable member quite a bit of latitude, but we're not going to get into CFL. Come back to the item or clause under discussion. The Honourable Leader of the Opposition.

MR. SPIVAK: Well, I'd like to if I may, read into the record an editorial from the London Free Press, in which it states: "Auto insurance no tax matter. It's not surprising or particularly disturbing that the government-run auto insurance programs in British Columbia, Manitoba, and Saskatchewan are running into deficits. With costs mounting, you've normally, in two systems, and two systems new, and looking for their correct financial bearings, it's understandable that problems would occur in the balancing of expenditures and revenue. What is disturbing is that all three provinces are considering dipping into tax areas to defray the deficits instead of raising insurance premiums as a private operator would do, and the provincial bureaucracies should be doing if they were to play fair with all the people. Oh, the move is going to seem entirely logical. A transfer of funds will be made from gasoline taxes, and what better use of gasoline taxes than to serve the needs of the driving public. But gasoline taxes invariably go into a general revenue pot, into a general revenue pot filled by all the taxpayers, replenished by all the taxpayers, and supposedly used to meet the public need. When money is drained off gasoline taxes to wipe out the losses of a special group, it means that something is affected elsewhere, possibly in the support of public transit, which must be made up in taxes or lost entirely. When governments go into business to provide a commercial service to only part of the population, they should be careful to see that the business at least carries itself. The non-driving public of these three provinces should not be asked to cut their tax cloth to help retain, in all its sweetness, what is essentially a private contract between the government and the owners of motor vehicles.

What I'm saying, Mr. Chairman, and I say this again, is that the government is failing by this tax measure to account properly to the people for the nationalization of the auto industry, for the disruption of the lives that took place as a result of their action, and to prove the so-called reform that they've suggested would take place. They stand up and talk, they cannot

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(MR. SPIVAK cont'd) prove it to the people. The people know better. The people do not want the 2 cents gasoline tax. I can tell you that they do not want it. They do not want it. They want the government to stand on its own two feet with respect to Autopac, and they want the Minister and the members of Autopac to become efficient in what they're doing. They are not interested in the government operation not accounting to anybody, not answering to anybody, doing what it wants, and the First Minister standing up and trying to intellectually rationalize whatever they want to do, and he used the most shallow arguments in their support of their position. The fact is, Mr. Chairman, the public do not want this and we are not going to support it, we are going to vote against it, and they want this tax eliminated.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Honourable, the Leader of the Opposition used some expression about, about trying to fuzz the issue, and I suggest that that was his intent as well. Given the fact that he chose to rise and spout off while deliberately ignoring the opportunity to read some facts as written by a third person source, someone other than himself or myself which, I suppose, many people would regard as less than biased, unbiased observers and analysts with respect to automobile insurance. He reads from an editorial which is, by definition, a matter of opinion, with no pretense even of trying to provide some data and facts, and he ignores the May 17th article, which is a feature report article after, I should think, considerable time of interviewing and analysis, and written up at some length, replete with all kinds of data and comparisons and facts and figures. My honourable friend will make all kinds of references and criticisms, but he studiously avoids looking at the neighbouring provinces, and studiously ignores looking at the nearest inhabited community east of Manitoba, such as Kenora, Ontario, or Rainy River, or Dryden, or the Lakehead or Sault Ste. Marie or Toronto, or wherever. He ignores all that and then he tries to assert with all that he can muster that we have a problem here with automobile insurance in Manitoba. He implies that premiums are too high, although he hasn't really said so. He worries out loud about the size of the deficit, and you notice, sir, that he also studiously avoids, and it takes some considerable intellectual maneuvering to do that - I won't use words such as "honesty" or "dishonesty" - some peculiar intellectual exercise where he worries about a deficit of the combination of public sector insurance provinces, Saskatchewan, British Columbia and Manitoba, where the accumulated deficit is in the order, I should think, of about \$25 million, not each, and he ignores the fact that in the other provinces the deficit is in the order of 1/4 billion, and that they have made adjustments in their premiums not once, twice, three times in a calendar year.

Why have they resorted to that, Mr. Chairman? Well, here again is an important fact that the Leader of the Opposition studiously ignores, and it is that, yes, in the years until 1974 - whether it was private or public insurance provinces, it doesn't matter - the frequency of adjustments in premiums historically has been once a year, and for some years in the past it was not even every year that there was any significant adjustment in premiums. But in the last 18 months, largely as a result of the phenomenon of inflation, private insurance provinces have witnessed car insurance premiums being adjusted multiple times per year, and then, the Leader of the Opposition has the audacity to wonder, or to ask out loud, why our best laid plans and assumptions and extrapolations have proved, with the benefit of hindsight, to have been inaccurate. I, unlike my honourable friend, I have no problem in advising my fellow citizens when our projections have been out, and clearly in the spring of 1973 we were living in a world in which the phenomenon of inflation was considerably different than it is today, and so much so that it has caused not only us, but the private insurance companies and provinces as well, to have to resort to multiple adjustments per year. Something that was unheard of in the early '70s and in the decade of the 1960s. But, sir, in the final analysis there is one acid test and it, too, is really the determiner of whether or not there is intellectual honesty involved in this exercise at all, and that is to look around and to read the studies and the comparisons that have been drawn up by a result of considerable effort and investigation, and to actually make specific checks on one's own if one feels uncomfortable with third party information or heresay. And I invite my honourable friends to do just that. Do they know someone in any other province or state of the United States - find out for yourself. I am satisfied, and I say this with as much emphasis as I can muster, that all of the comparisons of information and data with respect to premiums that I have been able to find, indicates to me that, indeed, we have relatively good performance with respect to premium levels in this province. And even after making

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(MR. SCHREYER cont'd) allowance for the deficit, I am not at all disturbed but that we are able to cope at least as well as the private insurance industry as a whole - and of which we are a part, facing the same phenomenon, merely using the instrumentality of the people as expressed and organized through the agency of government. That's all that's at issue here, and we cannot be divorced from all the other phenomenon at work.

Honourable friends, just one other point, sir, with respect to the extent to which it is justifiable to use a surcharge on fuel consumption, I want to say that as early as 1969, it was under considerable discussion even then as to whether or not - sooner rather than later, or at some intermediate point in time - that we would go over to a system of using a charge on fuel consumption as a measure of distance travelled, and therefore as a measurement of exposure to risk. And for reasons that I have already indicated to the Member for Lakeside, we did not find it desirable or tenable at this time to extend the principle of a surcharge on fuel consumption as any major substitution for a premium. But there are those - and frankly, in a theoretical sense there is a good deal to justify a substitution of a fuel consumption charge as a substitution in whole or in part, theoretically speaking, for a premium. And I don't think that it's any sign of turmoil or weakness, if I indicate the fact that in the really genuine interesting discussion on this point, there has been a good deal of difference of view, and I rather suspect that that difference of view will persist for some few years yet.

Looking much further into the distance I am not - although I hesitate to make extrapolations in a world of inflation, it proves to be a little perilous - but I would not rule out, and I think anyone who would, would be foolish - rule out the possibility that at some future year, that there will be a growing support for the notion - or the principle involved, and the notion - that there ought to be substantial substitution of a fuel charge for that of a premium. And just to round out the concept on this - in the meantime and in the interval, I said merely for information to the Member for Lakeside - that using a fuel surcharge as a partial substitute for the top differential premium as between preferred and all purpose and general categories of drivers, which is an ostensible measurement now, and historically, of difference in mileage driven, we find very little problem with giving application to that concept and this is a manifestation of it.

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MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Well I wonder if the First Minister - I think just for the benefit of clarification - would permit a question. We talk of fuel charge, surcharges - when the previous administration talked about Medicare premiums, honourable members branded that very quickly as a tax. Could we not talk about this honestly as a tax and not confuse the issue? It is a tax. We're dealing with a tax bill. . . --(Interjection)-- Fine, we'll call it a tax.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I don't know if the Honourable Member for Lakeside is being facetious, but I say to him, quite candidly, that in terms of calling it a tax - I have no doubt that he is going to persist in using that term, and I'm not going to waste much energy in defending against the use of that term because it is a little more rational, at least it is a little more rational than calling it a subsidy.

Now, Mr. Chairman, a subsidy as I understand the term is when revenues are taken from a totality of a large number of different revenue sources taken into consolidated revenue, and then paid out merely on the merits of the applying source or the merits of the program or the operation. What is involved here is a straight line measurement with respect to so and so much per gallon as times the numbers of gallons consumed by on-highway vehicles. We are not taking a red penny of consolidated revenue from income tax, corporation tax, from skidoo users of gasoline or stationary diesel consumers of diesel fuel. Not a penny is going to Autopac. This is relating to on-highway consumption of motive fuel, because on-highway use relates back to frequency of travel or distance of travel. And if there is no justification in that, sir, then please tell me why it is that, historically, I suppose ever since the days of the Model "A", there has always been a differential premium as between those who are described as all purpose and those as general risks, therefore drivers, those who drive their car to work, those who drive only on weekends and for pleasure presumably. There was always a difference in the rate, is that not true? And because of that, we feel there is no difficulty whatsoever in justifying a fuel consumption tax, if my honourable friend likes, or charge, but it is not a subsidy, sir.

MR. CHAIRMAN (Walding): The Honourable Member for Birtle-Russell.

MR. GRAHAM: If the insurance industry had used the yardstick measure as suggested by the First Minister, would it then not be that rural Manitobans, because they drive more miles, would be assessed at a higher premium than the urban area?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, you know, my honourable friend raises that point, and I merely suggest back to him, that in terms of calculation of fuel consumption, it has always been indicated - and I have never seen otherwise - that miles per gallon is more favourable in rural and open highway traffic circumstances than in urban built up areas, because of considerations of stop and start . . . frequencies of stop, etc. So that I think that there is no great reason to think that there is any particular undue disproportionate impact on rural residents in this context.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I have a few remarks to make to the First Minister. I would like to come back, and will possibly come back to the argument about whether a tax is a subsidy or not. And I wonder how he reconciles this bill and his statements with the statement made, and I quote: "In fact, the intention would be that there would be a non diversion clause that the Public Auto Insurance Corporation would be self-sustaining".

MR. CHAIRMAN: The Honourable the First Minister.

MR. SCHREYER: Mr. Chairman, if my honourable friend would read the Manitoba Hydro Act, and I believe the Public Insurance Corporation Act - I certainly take my colleague's word for it, because his memory in matters of this kind I'm sure will stand up to the Leader of the Opposition's - that with respect to those two Crown corporations, there is a non diversion clause, meaning that we wanted to put into statute the undertakings - of course in the case of Hydro, it's been there for many many years, that there shall be no diversion of revenues generated by the corporation into the general coffers of the Crown. The reason that this is more than just theoretical importance, is that some provinces - I don't know offhand how many, but certainly I can think of four offhand - in which the utility, for example, has no non-diversion clause, and as a result from time to time, for successive years, there were general revenues generated by the corporation put into the consolidated revenues of the Crown. But that's the

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(MR. SCHREYER cont'd) . . . other way around, sir. It's the exact opposite directional flow to that which my honourable friend is now suggesting.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder now if I could complete the full statement that the Premier made: "In fact, the intention would be that there would be a non diversion clause that the Public Auto Insurance Corporation would be self-sustaining. It would be neither subsidized, nor could moneys be diverted." --(Interjection)-- Yes, Mr. Chairman, "it could neither be subsidized nor could the moneys be diverted". And just as there could not be a cash flow out, so there could not be a cash flow in and in effect, a flow-in from government sources. --(Interjection)-- Ha, ha, ha, ha. I mean, if you think at this point --(Interjection)-- I want to say to the Minister of Mines and Natural Resources, if you really believe at this point that you can sit there, and the First Minister can sit there, and can stand up and intellectually rationalize and suggest that the tax that is being imposed on the people is not a subsidy because the tax is dedicated as a surcharge to Autopac; if you can believe intellectually, then I must say that the credit that I have attempted to give in the past to you as to your own intellectual achievements, is not due. Because it is foolhardy to suggest, that when the statement was made by the First Minister that it was not implied directly to what he was saying to the members on this side, we are not going to take any money out; if there is a surplus, it will reduce premiums itself. It will not go to general revenue, and we're not going to put anything in, it's going to be self-sustaining. And that's what he meant by the statement, that's what everybody understood it to mean, and in effect what is happening is you've gone back on your word.

MR. CHAIRMAN: The Honourable the First Minister.

MR. SCHREYER: Mr. Chairman, you know, if I may - and I'm sure that the Honourable the Member for St. John may have considerable edification to provide us on this subject, in which case we would all welcome it - I'm sure that we could all stand with some edification on this matter.

But, Mr. Chairman, my honourable friend, the Leader of the Opposition seems to have great difficulty in drawing a distinction between a subsidy in the conventional sense of the term, and a specific surcharge for a specific purpose from a specific source. Now, some few years ago - and I think that if we search the record we will be able to find some examples, where a specific amount of funds were caused to flow, either by legislation passed here or as a result of policy of the Crown, but I suspect ultimately by legislation - to a given use, and the revenues from it were earmarked specifically from a given source. I repeat - although I can sense already that it's not likely we will come to any amicable consensus of view on it - that to my mind, a subsidy is when an amount of funds is taken from consolidated revenue of the Crown, completely unrelated to any particular use or charge, or user charge, and it is then transferred by means of a grant or by whatever instrument of the Lieutenant-Governor-in-Council and paid to a given program or organization. That is a subsidy. But if one cent per cow, or one dollar per cow with horns is deducted and transferred over to some program or group, I do not regard that, sir, as a subsidy. I regard that as a charge or a surcharge.

Mr. Chairman, I am sure that there are other examples that can be drawn. Now, somebody opposite said, well, they regret this, not so much in principle, but to the extent that this \$4 million which is being deducted - \$4,125,000 that is being deducted and transferred to the Auto Insurance Corporation, to that extent our road program will suffer. Well, Mr. Chairman, the quantity of funds that is being spent on our highways and streets' program has consistently been - I'm rather proud of it, because there's been a minimum of oscillation or variation as between one year and the next. I'm not prepared to assert it categorically now, but I do know that some several years ago - if not in the late Sixties, then in the early sixties, and late Fifties - the road program did not in any way have much consistency or constancy of level of funds. My honourable friend the Member for Swan River is looking at me with a skeptical and jaundiced eye - I would merely invite him to look at the old estimate books, and he will see that in the Fifties, the late Fifties and perhaps early Sixties, the amount that was spent on highway construction went up and down like a yo-yo from one year to the next. And the timing of it was perhaps somewhat synchronized with the election rhythm of the province. But I said, sir, that I'm not prepared to assert that --(Interjection)-- I'm not prepared to assert that with respect to the years 1965 on, because I wasn't here. But with respect to the late Fifties and early Sixties, I can vouch that to be the case. I'm sure honourable members would like to see

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(MR. SCHREYER cont'd) . . . more spent on highway and street construction, but it has been really remarkably consistent - and when you add together the current and capital expenditures on highway programming, we are running at the full amount of the yield of our gasoline and motive fuel tax yield. So that I feel it's an academic point - even if one could agree with the premise, which I do not necessarily embrace - but even if one did, it's an academic point because there is almost perfect matching of the revenue yield from that source in comparison to highway and street construction.

Having said that, sir, I know that there will be ultimately no easing of my honourable friends minds about the matter, largely to some extent because they do not particularly want their minds eased on this issue. But I think that at the risk of being repetitious I would invite them to check with their aunts and uncles and nephews and nieces and friends that they have living in Oshawa, Sault Ste. Marie, Welland, St. Catherine's, Toronto, Kenora, etc., etc., etc.

MR. CHAIRMAN: The Honourable Member for St. John's. --(Interjection)--

MR. ENNS: Mr. Chairman, if you give me the floor for one minute. I'll be of some help to the Honourable Member from St. Johns who has some further remarks to make in this respect. It is simply because I want to remind him that just earlier on in this same debate he correctly indicated that taxation moneys collected through the automotive taxing has never been particularly dedicated to a source, to a use, always been considered as part of the consolidated revenue. He reminded my friend the Honourable Member for Souris-Killarney of that fact, the Honourable Member for Roblin of that fact. You know, this is the difficulty that, we now have. We are --(Interjection)-- Not formally, I agree that traditionally, historically, we have, and the public mind has accepted the two, the relationship between the two. But the Honourable Member for St. Johns correctly indicated that that was never made the case. No previous Minister of Highways, particularly of the last administration, was prepared to stand up and say that the taxation collected through the gasoline automotive fuels was dedicated to this specific use, for the construction, improvement and building of highways. Well, Mr. Chairman, what we are now talking about is, of course, the dedication of a certain amount of moneys that otherwise we're prepared to argue, just go and throw to the general consolidated revenue. We're now dedicating a certain portion of that for a specific use. To that extent, Mr. Chairman, the Opposition has difficulty with accepting the question of whether or not a subsidy is involved or not. Thank you.

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

MR. CHERNIACK: Mr. Chairman, I appreciate the comment made by the Member for Lakeside because he has again raised the level of debate to an attempt to understand the difference between us. And I have to respond by saying, yes, is the difficulty lies in understanding our approach to why we feel it is not a subsidy, let's debate it, and I want to debate it. And I will therefore have to address him to a greater extent than that of his seat mate who does not want to understand it, who does not have that desire. I will deal with the Leader of the Opposition as soon as I deal with this question of subsidy, and I'm prompted to deal with the Leader of the Opposition because of his manner, his style of speaking.

But specifically related to the question of subsidy, the Leader of the Opposition quoted that there will be a non-diversion policy in relation to Autopac, that it will be self-sustaining and not subsidized, nor diverted. I believe that those are the words that he attributed to the First Minister entirely, although the words "not subsidized nor diverted" may be his own, I didn't quite catch. --(Interjection)-- Oh, he did quote the Premier, I'm satisfied that the Premier said it, and I'm satisfied that our intent is still the same. I am not satisfied to say that forever and a day, it's got to be that way. There may well be a time when that will change, and when it does, we say so. So when the Leader of the Opposition starts screaming and yelling, I've learned to pay no real attention to his screaming and yelling because I don't believe that there is sincerity in the way he is presenting his argument, because the way he said here about, it's not washing, and we don't believe you, one wonders why he bothered to talk at all. He should be out on the campaign trail making his statements in a place where no one can answer him or respond to him, and he'll get away with it there. Here he's yelling at us and telling us he doesn't believe us, and giving us the opportunity to respond to him, and I'm glad to do so.

To deal specifically with the question of subsidy and to answer the Member for Lakeside,

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(MR. CHERNIACK cont'd) . . . I want to first read the dictionary definition. It's just as well we know what a subsidy is according to the dictionary, which is the one from the Chamber here, Webster's 7th New Collegiate, and it reads, "subsidy" and it has various definitions, one of which I really don't quite understand, but I'll read it. It says "A grant or gift of money." A subsidy is a grant or gift of money as (a) "a sum of money formerly granted by the British Parliament to the Crown and raised by special taxation." I'm not sure that I know the historical sense of that but I can understand the words, "a sum of money formerly granted by the British Parliament to the Crown" - which I suppose means to the King or the Queen to operate the household - "and raised by special taxation" which means to me and, you know, I don't know the history behind it, but it means to me that the British Parliament had a special form of taxation which was used to grant a sum of money to the Crown, and that's a definition of subsidy. But let's go to others which are more clear: "money granted by one state to another", (c) "a grant by a government to a private person or company to assist an enterprise deemed advantageous to the public." Well, before I read this definition which to me clarifies what a subsidy is, I wrote down my own definition, and I'm no authority on what it means in relation to government moneys, it's just my concept of what a subsidy is, and I heard the Premier's and I found his acceptable. --(Interjection)-- Well, the members may want to joke about it, I'm only offering, the extent to which I'm able to, a definition, which is a lot more than the members opposite have said. All they said is, "A subsidy is a subsidy is a subsidy" if you want to quote that, and that to me is no explanation but only a reiteration of a position.

Well, I believe that a subsidy, in terms of use of moneys that come into the . . . through the control of government, is where the nature of the income loses its identity, is blended into consolidated revenue, and then is paid out in a manner unrelated to the way that money is collected. That to me is a subsidy. When we took the premium tax imposed by the previous government, and it was a tax because it was compulsory, and it was imposed, and there was no voluntary aspect, and I should say, just in passing, that the Leader of the Opposition came in at 5:00 o'clock today and said, "After all, we the Conservative government brought in Medicare." He should have listened to the Member for Sturgeon Creek and the Member for Rock Lake about how they bitterly resented the fact that the Conservative government brought in Medicare and that, of course, is part of the difference. --(Interjection)-- Oh no, not much, not much. Why, if I can quote them, "We were forced to do it."

But we're not on Medicare now. I'm only speaking in relation to a subsidy, that when, Mr. Chairman, we substituted the premium tax for other taxation, we did it concurrently with an increase in income tax, and we said we are converting revenue from premium taxes into increased income taxes based on the ability-to-pay factor. I don't think we ever said we are not going to subsidize the Medicare costs; nor do I believe that we said that there will never be a subsidy for Medicare, because we did not tie the points, the income tax points to the moneys going in. We just said that in order to make up a difference we would increase taxation on the ability to pay. The fact is, and I think that we knew, or it became apparent in any event when we had the figures in, that we collected - and I'm speaking just from memory - something like \$24 million in the first year from the increased income tax, and we paid out something like \$28 million to the Medicare cost, to the Health Services Commission. We clearly subsidized the cost of Medicare through the general revenues of the province, and what we did was to increase income tax and also add from other sources of revenue. That's a subsidy --(Interjection) But, oh, the Member for Roblin now says, "Let's get back to it," because he doesn't want to understand the difference in our minds between a subsidy and an allocation, so not wanting to, he'd rather I didn't talk at all, I suppose,

But the member --(Interjection)-- Oh, about the bill. Yes. And now we have the Member for Sturgeon Creek who would rather I didn't talk at all. Well, I guess the reason is that he doesn't like to hear what I'm saying. Well, there's a choice. He can, the next time I run for election, he can try to get me kept out of this House, or he himself can not run, or he can leave the room anytime he likes, and I will bless him if he does, and he's doing it and he's welcome to leave.

But, Mr. Chairman, there's one person in this room that could hurt my feelings if he leaves, and that's the Member for Lakeside because he asked a question and I believe sincerely and I'm trying to answer him, I believe sincerely. And that is that when we said, as we did, that there was no intent to blend funds either way, that we're still carrying out that undertaking

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(MR. CHERNIACK cont'd) . . . because we believe that in the collection of the moneys needed to operate Autopac, there are various ways of doing it as long as it's clear. Now he says it's difficult to calculate. That may be so. While he was saying, it's difficult to calculate the gas portion, the gasoline portion of the moneys, I started to wonder, how much was the premium that we paid on our automobile only in the last month or so? I don't remember, Mr. Chairman, I honestly don't remember what we paid in our premium on our automobile. I don't know if the Member for Lakeside knows. He'd have to go back, I suspect, and look it up. Otherwise, he's got a phenomenal memory. Maybe he has. But most of the people in this room, I'm sure, don't know what they paid in the last insurance premium, but they'd have to go and look it up, and to the extent that it's important to them they can easily identify, normally easily identify, the amount of contribution they've made through this gasoline tax, and it is, legally, a tax is being imposed. And that's why I try to make a deal with the Member of Lakeside, and I believe we can make a deal which we will honour, that if he stops calling it a subsidy, I'll start calling it a tax, because I believe it is, and I believe it is not a subsidy.

Now I want to speak somewhat about the Leader of the Opposition. I'm sorry he left, but I told him, I mentioned while he was here that I was about to deal with what he said. Maybe he'll take the trouble to read this. Sometimes I wish he would take the trouble to read the speeches made by. . . I wish he would take the trouble to read the speeches made by members on his side because he has had occasion just recently, especially on the Dental Health Services Bill we dealt with today, to give a different interpretation of the Conservative policy than they have. But I have to say that, once again, I found the Leader of the Opposition sinking to a level which many of us would not like to be dragged down to. I wrote down, as he was speaking, just this evening, "Horse feathers," "Haven't got the guts." "Going back on your word." "After claiming incorrectly." "The lowest point of intellectual honesty." "That the Minister of Mines doesn't make a difference as to what the facts are." "That the commitment was broken." "That we're weaseling out of it." "To save their political skin." All these are quotes. "Keep spouting garbage." This is the language he was using. And, you know, for awhile I thought that there was a saving grace, that he was starting to lift himself up from the gutter in which he finds himself. I especially was heartened by the fact when I discovered that he had occasion to ignore what one of his speech writers wanted to put in his mouth, and that was the statement, and I quote now from the notes for a speech he was making, "Saul Cherniack is a contemptible man" but when he actually made the speech, he somehow omitted to quote that "contemptible" portion of the kind of person I am. So I thought for awhile, great, he's lifting himself up somewhat but --(Interjection)-- That was not related to Watercress and I don't have any stolen document. That I leave to others to deal with as they please. But, Mr. Chairman, if all the Leader of the Opposition can do to debate whether or not this is a subsidy, and whether or not we are going to exercise an accountable procedure in being able to collect it, if all he can do is use gutter words to carry his message, then again and again, he is helping us to sustain the confidence and support of the people who sent us here.

MR. CHAIRMAN(Mr. Jenkins): The Honourable Member for Fort Garry.

MR. L. R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, I want to come back in a moment to the point about this legislation which in the main concerns me, and that is the effect that this new tax will have on the cost of doing business in Manitoba, and just what it means to doing business in Manitoba. But before I do that, I just can't help asking the question on the basis of the almost incredible debate over semantics that's raged here for the last hour or two. What difference does it make? What's the difference whether it's a surcharge, a tax, or a subsidy, to the person in Manitoba, the consumer in Manitoba who is paying the additional 2 cents.

MR. CHERNIACK: Tell it to your leader. Tell it to your leader.

MR. SHERMAN: Well, there is simply no difference, Mr. Chairman, in the terminology as far as the consumer is concerned. It's all one and the same thing. We're arguing philosophy; we're arguing morality; we're arguing ethics with respect to a piece of terminology, with respect to a phrase, with respect to semantics, and that may make for a very interesting intellectual exercise, but when it comes down to the consumers of Manitoba who have found that they now have to pay 2 cents more at the gas pumps for something. . . Well, my colleague says 3 but 2 cents more for something which they were led to believe was going to be self-supporting and was not going to be dependent upon their pockets, upon their tax bills. What difference does the choice of terminology make? I think that the perspectives that have been sort of brought to

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(MR. SHERMAN cont'd) . . . the terminology and the semantics have been extremely interesting because they have philosophical origins, they really have philosophical roots. But we've reached a point where this legislation is concerned, that goes beyond pure philosophical argument, and I would just underscore that particular aspect of the debate, that particular criticism of the debate that rose in my mind as I listened to this kind of exchange for the last hour or two, Mr. Chairman.

But the point that I'm really concerned with about this legislation is the effect, the impact that it has on the Province of Manitoba in terms of its economy. And I want to ask the government at this stage of the debate whether the impact and the effect on business and on the economy was fully taken into account among all those Ministers that have a direct, or should have a direct responsibility and a direct concern in the economy. I wonder what the Minister of Industry and Commerce, for example, had to say about this legislation. I wonder what the Minister of Consumer and Corporate Affairs, Mr. Chairman, had to say about this legislation. When they look at the competitive position, the relative disadvantages that business people, industrial people, manufacturers, farmers, those engaged in the economy of the province in general are faced with in terms of the province's position vis-a-vis the rest of Canada, I just wonder how much input Ministers of those departments, those portfolios, had in the drafting and preparation of a piece of legislation that imposes this additional burden, be it surcharge, be it tax, be it subsidy, on those who operate in Manitoba, both as people engaged in business and as consumers.

And so, sir, I'll leave it to others to debate the morality of the imposition of this tax, to debate the ethics, to debate the question of whether or not a principle has been violated here; whether or not, as my leader has suggested, this government has abrogated previous commitments and gone back on its word. And I prefer to devote my attention at this juncture to raising that question - what does this legislation mean in terms of its adverse effects on business in a province where the cost of doing business and the difficulties of doing business are comparatively severe, comparatively severe, with respect to the rest of the country.

Sir, every mile that's driven from this point on by car, by truck, by highway transport . . . Every mile that's driven, every gallon of gasoline that's purchased to that end, whether it's by bus or car or truck or highway transport as I've suggested, from now on costs more - every gallon of gasoline costs three cents more, two cents of which we say is being unfairly levied against taxpayers, and every mile that's driven is consequently costing more.

Sir, the ethical questions with respect to the principle applied here are one thing. But the ethical question as to how deeply concerned this government is with business in Manitoba and the cost of doing business in Manitoba, and the kinds of initiatives that can help business in Manitoba, is equally critical, in my view - and this equally is an area in which the government appears to have pursued its own particular doctrinal approach to the disadvantage - to the disadvantage of those who are attempting to make the economy work, make the economy go, make the economy prosper and give Manitoba a chance to be economically competitive. Stop and think, Mr. Chairman, for just a moment, of what this additional tax does to business and the cost of doing business, and the customer who purchases goods and services in this province, particularly the customer, particularly the consumer. The customer gets it in the neck twice. He not only has to pay the additional costs of the goods and services that are now coming to him at an additional cost, at an increased cost, because of the three-cent increase in the gasoline tax, but he had to pay that additional amount in the cost of operating his own vehicles as well. So that it becomes a double burden, a double kind of taxation load, taxation surcharge, for him to cope with. And I fail to see, Mr. Speaker, what kind of reasoning this government could have brought to bear in introducing that kind of a measure with the difficulties faced by taxpayers and faced by the economy of the province generally at the present time.

As experts have pointed out, the economy of scale in manufacturing is a major problem in this province. I don't think the First Minister or his colleagues need any reminding, sir, of the fact that this is not eastern Canada, and it's not eastern or metropolitan United States. It's not even British Columbia. We have limited population centres here, and we have difficult geographic problems, difficult geographic challenges to cope with. We don't have the large populations concentrated in small areas, and as a consequence, the difficulty and the challenge of serving our markets and distributing our goods in a profitable way is much greater here than it is in many many other parts of the continent. And that's a basic truism of life in Manitoba that is known well to every member of this Legislature. I shouldn't think that the

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(MR. SHERMAN cont'd) First Minister or his colleagues or anybody on the government side would need any reminding of that fact. Our potential market here, Mr. Chairman, is limited by that size that I've referred to - is limited by that geographical distribution and make-up and setup of our province. And sir, there are approximately 1,700 small manufacturing companies, small manufacturers in Manitoba, most of them geared to regional markets, most of those 1,700 small manufacturers geared to regional markets. Now what do they now face in terms of supplying their goods and services, in terms of producing their goods for the market, in terms of competition, not only in Manitoba, but across the country generally? They face that additional burden of doing business, which is implicit in the legislation before us. I would ask the government, sir, to consider the words of the Chairman of the Manitoba Branch of the Canadian Manufacturers Association, H. L. Cavanaugh, who was quoted in the Winnipeg Free Press just the other day as saying the following, and I think that this is an observation that deserves to be placed on the record in this House. Mr. Cavanaugh said, and I'm quoting: "We have to resolve the problem of freight rates in Canada. We can't leave it, as Mr. Marchand says, in a mess. We have to get out of that mess. The resource and manufacturing industries here need better transportation if they are to compete successfully on the world scene or even to have a good domestic base. This means reasonable realistic freight rates."

And I underscore that last point, Mr. Chairman. "This means reasonable realistic freight rates." Well, surely highway transport rates - and therefore by definition, gasoline prices are part of freight rates - and when we're talking about the need for reasonable realistic freight rates, surely we can't overlook the kind of burden, the kind of difficulty, the kind of lack of realism that is contained in additional expenses, additional economic burdens of the kind proposed in this legislation. And if this province, and if this government is serious - and the First Minister has oftentimes made reference to the difficulties that we face here economically because of the inequities of freight rates across the country - if this First Minister and his colleagues are serious about meeting that problem, about trying to resolve Manitoba's industrial and economic problems, by making a start in the area of freight rates, and by achieving some equity and eliminating some of the inequities in the freight rate system, in the freight rate structure across the country, what better place to apply that kind of professed morality, Mr. Chairman, than here in the province on our own highways, where our small manufacturers numbering, as I've said, approximately 1,700, depend in very large part on highway transport to take their goods to market.

This is where that battle has got to begin. This is where the efforts to assist manufacturing and industry in this province have surely got to start. It's all well and good to talk about the inequities of freight rates as laid down by Ottawa and as they relate to the transcontinental railway systems in this country, but there is also this reality of freight rates here on our highways here in this province. And if this government is not prepared to address itself to the freight rate question locally and regionally as contained in that field of transportation, then what hope is there for a resolution of the overall freight rates problem, which has hobbled industry and manufacturing in this province and in the west for so long.

So I ask the First Minister and his colleagues to reconsider the kinds of difficulties that are being imposed - further imposed - on business, on manufacturers in this province by the additional tax proposed in this legislation. That is the aspect of the legislation that concerns me to a far greater degree than the question that has occupied much of our time in this Chamber for the last little while - the additional costs of doing business here, the inhibition that that in effect will have with respect to business in this province, the discouragement that that implies for manufacturers and business people and farmers; and the double burden that is imposed on the customers, the consumers, who get it in terms of their own consumption, and get it again in terms of the additional costs they will have to pay to help offset those added costs to the businessman and manufacturer himself.

MR. CHAIRMAN: The Honourable Minister in charge of Public Insurance.

HON. BILLIE URUSKI (Minister for Manitoba Public Insurance Corporation) (St. George): Thank you, Mr. Chairman. I would like to speak for a few moments on Section 1 of the Act, and I would like to comment on some of the remarks that were made by the Leader of the Opposition earlier this evening. One remark that comes to mind, Mr. Chairman, that the leader made and has been making insofar as the increase in premiums and the knowledge - or supposedly knowledge of the government, and the Cabinet of the day in '73, that there was going

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(MR. URUSKI cont'd) to be a deficit; and a non-candidness on behalf of the Premier, on behalf of this government, that he knew there was going to be a deficit at that time. He's made statements - and I wasn't in Cabinet at the time - but he made statements here tonight to the effect, that in May of 1973, when the announcement was made about the five percent reduction in the premium, that we knew that there was going to be a deficit position. What the honourable member should remember is, when is the announcement made, either for an increase or a reduction in premiums? Is it made in May? Is it made in April? Is it made in March? Or is it made in December or early January or November, Mr. Chairman? It has to be made, Mr. Chairman, much prior to March 1, because the renewals, the vehicle registration renewals have to be printed for the March 1 deadline, and there is just no way, if there's going to be a change made in the premium structure, that that announcement can be made in May. And there is no way that in one month --(Interjection)-- in November. That one month after the fiscal year --(Interjection)--Well, Mr. Chairman, that any one can project eleven months on the road what the financial position of any corporation will be, whether it be Autopac, whether it be the private insurance industry. Mr. Chairman, the Leader of the Opposition should well know that the private industry showed a deficit in 1974 of \$135 million, and they projected, and they increased the premiums in July of 1974. But did they project the \$290 million deficit for '75 on top of that \$135 million? Mr. Chairman, did they know at that point in time in July of 1974, that they were going to show a deficit for '75 of \$290 million? That is the fallacy of the statement of the Leader of the Opposition, that someone knew at that point in time.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I wonder then if the Minister can account for how Mr. Dutton in May of 1974 knew that there would be a deficit of \$10 million.

MR. URUSKI: Mr. Speaker, in May - all the honourable member has to do, is count the months. There is November, December, January, February, March, April and May. At the end of May, there is seven months in the new fiscal year. You have seven months of experience behind you. You can then forecast what the remainder of the months in the fiscal year will be. We have indicated in committee, Mr. Speaker, in May - in April and May of this year - the first four months of '75, that we showed a deficit for the first four months in '74-75, but yet the final picture for the end of the year will not be known because we cannot project how many claims there will be.

MR. SPIVAK: When the Minister acknowledged that in May of '74 it was capable of being determined that there was going to be a deficit of \$10 million, therefore in May of '73, the Minister - I don't think he was Minister then, but certainly the government was capable of knowing that there would be a deficit of that - May of '73, May of '73.

MR. URUSKI: Well, Mr. Chairman, the announcement in the change in premiums was based on the figures as of October 31st and November of 1972. That's when the announcement was made, Mr. Chairman, not in May of '73. The premium changes don't occur in May, which is two months after the renewal period, April or March, actually three months after the renewal period.

MR. SPIVAK: Well, will the Minister acknowledge that in May of '73 the government knew that there would be a forecast of a \$10 million deficit.

MR. URUSKI: Mr. Chairman, even in May, Mr. Speaker, in May of '73 - and I have checked this out with the Director of Underwriting with the Corporation - that the Minister of the day was not - and even the corporation - was not in effect at that point in time aware that there would be a deficit position for the end of the fiscal year. --(Interjection)-- In May of that year. In May of '73, that's what I'm saying.

MR. CHAIRMAN: Order please.

MR. URUSKI: Mr. Chairman, the other rationalization the Leader of the Opposition has made, has indicated that the statements made by members of this side are intellectually dishonest insofar as the financial picture of the corporation. And I just want to recall to him and remind him that the statements that he made last year with respect to the private companies - and he made them right in this House - and he said, Mr. Chairman, that the private companies, if they were to calculate their investment income, that they would not show a loss at the end of the year, Mr. Chairman. That they really did not show a loss; that they showed a \$135 million deficit of that year, but if they calculated their investment income,

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(MR. URUSKI cont'd)there was no loss. Well, Mr. Chairman, if that is the case - and I ask the Leader of the Opposition, why did the private industry increase the rates approximately 18 percent in July in 1974, another 10 percent in January and February of 1975; some companies have increased a further 10 percent in April and May of this year, and a further projected increase for July 1975 of an additional 15 percent, if they made a profit, Mr. Chairman, on the basis of their investment in the premium dollars.

The members of the Opposition have indicated that the two-cent gasoline insurance premium will be borne by the consumers. Mr. Chairman, no one has argued that the consumers, who are the users of the motor vehicles and the gasoline, will not pay. Who is paying the premiums in the rest of Canada, Mr. Chairman? Is it some mystical body that pays premiums and their name is not a consumer? Who is paying for the premiums in the rest of the country? Of course it is the users and the consumers of the product, Mr. Chairman. Mr. Chairman, possibly the insurance company directors are subsidizing the trucking industry and the other industries by paying their premiums for them. Of course it's going to be the consumer who will pay the costs of the insurance premiums, whether they be on the driver's insurance premium, whether they be on the flat insurance premium on the vehicle, or whether they be on the gasoline insurance premium, Mr. Chairman. It will be the users, the motorists, who will pay the costs of this insurance program.

The Leader of the Opposition makes great mention that the plan is run inefficiently, and it is sloppy, and whatever statements he makes insofar as the inefficiency of the program. All he has to do, Mr. Chairman, is look, not at our reports, go to Liberal Quebec. All he has to do is take the most recent Royal Commission study in Quebec about auto insurance and then he can speak about efficiency. When the motorists of Manitoba are paying approximately 18 cents of their insurance dollar for the administration of their program as compared to at least 40 cents of the premium dollar in other provinces, that is efficiency, Mr. Chairman. Do I hear the Member from Souris-Killarney or the Member from Riel resigning from the boards of Wawanesa and Portage Mutual, that their companies are using up 40 cents of their premium dollar? Do I see them firing their general managers, that their company is run inefficiently within the Province of Manitoba or the outside? Do the members of the Liberal Party - and I want to speak to the members of the Liberal Party. The House Leader of the Liberal Party indicated that they are in opposition to the gasoline insurance premium. Well, one of their colleagues, Mr. Chairman - I don't think he was a Member of Parliament of the day, and I want to read back to the Liberal members of the House - he wrote in the journals about . . . He was Dean, Acting Dean of the College of Law, the University of Saskatchewan, and he was a member of the Saskatchewan and Canada Bar Association. He wrote his article entitled "The Nature and Potential of the Saskatchewan Insurance Experiment."

Who am I speaking of, Mr. Chairman? Yes, Otto, O. E. Lang, is the gentleman that wrote, and I would like to quote from one segment of the article that he wrote which pertains to the section about premium and premium costs, Mr. Chairman. And I will read the whole area. It says . . .yes, in the early 60's. He wrote on the section called "Improving the Saskatchewan Scheme" - that's the title of the sub-heading.

"Several of the administrative imperfections in the Saskatchewan scheme have already been noted. These could be eliminated with little difficulty. The most serious limitations are the narrowness of Part 2 and the retention beyond Part 2 of questions of fault and problems of damages. A significant extension of the ambit of Part 2 took effect April 1, 1953, and others may be expected. Whatever these extensions may be, there is yet no indication of a readiness to destroy all liability in excess of the Part 2 payments." He's really speaking about total no-fault in this section.

"A much more fundamental change in thinking would be required to impose the cost of increasing risks more exactly upon those who are responsible for them. An obvious improvement would be to base a part of the premium load upon mileage travel, although to do this with complete exactness is impossible. However, making a gasoline tax part of the premium income of SGIO would be a substantial improvement over the present situation."

Mr. Chairman, that is not a New Democrat that is speaking. My Leader says not even a pink Liberal. He is the present Justice Minister in the Federal House, Mr. Chairman, the Honourable Otto Lang. And the Liberal members - I gather they are taking no heed of some of the works and his studies that Mr. Lang has undertaken in previous years, and I hope that

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(MR. URUŠKI cont'd)they will take some cognizance of some of the members of the Liberal Party and the progressiveness in their thinking and the statements that they have made previously.

Mr. Chairman, I wanted to make one comment. The Member from Riel and the Member from Birtle-Russell have made statements about rating of insurance premium based on mileage driven. The Honourable Member from Birtle-Russell indicated that there was never such a rating system devised, that the insurance companies were not using that.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell on a point of order.

MR. GRAHAM: I have never said that and the Minister is misquoting me.

MR. CHAIRMAN: Order please. The Honourable Minister for Autopac.

MR. URUSKI: Mr. Chairman, the Member from Birtle-Russell - if I am paraphrasing him wrong, I will indicate it in this manner - the Member from Birtle-Russell left me with the impression that the insurance industry did not rate in a similar manner where mileage was used to form a basis for the amount of premium dollars paid, Mr. Speaker. That is the impression that the Member from Birtle-Russell left with me, and also the Member from Riel, when he indicated . . . They are, in fact, I would say the greatest proponents, they have created the greatest blows against the private insurance industry in the Province of Manitoba. In the arguments that they have raised, that the private insurance industry has been falsely rating the motorists by using mileage as forming a part of their premium throughout the history of the private insurance industry, they are, in fact, indicating that the principle that the insurance industry has used in utilizing mileage driven as to form part of the exposure of a motorist, that that is totally invalid, Mr. Chairman. They have strengthened the argument of the use of the premium --(Interjection)--Mr. Chairman, I'm sorry. I do not have the Hansard, but the Honourable Member from Birtle-Russell knows exactly what I have stated.

There is no doubt that the Conservative philosophy is not based on a progressive premium based on the amount of use or mileage driven. They prefer the flat premium increase just as they imposed the flat premium increase on Medicare payments. They wanted to stay with the flat \$104 a year. They are likewise opposed to a progressive premium based on "the more mileage a motorist drives the more he will pay." They have argued in favour of the pensioner saying that this program will be very hard on the pensioners of Manitoba. Well, Mr. Chairman, if we were to charge a flat premium to equal the amount of premiums he will take, the pensioner who drives on Sundays alone would have paid much more than he will pay based on two cents a gallon of gasoline premium, Mr. Chairman. He will pay much more. And if they argued on that basis, they are still fundamentally in favour of a flat head tax or flat premium, not on a progressive basis and using mileage as part of the insurance premium.

MR. CHAIRMAN: The Honourable Member for Portage la Prairie.

MR. GORDON JOHNSTON (Portage la Prairie): Well, Mr. Chairman, I intended to query an earlier suggestion made by the First Minister this evening, but before I come to that, I feel I do have to reply to something, a few of the items raised by the Minister for Autopac. I understood him to say that in May of 1973 his organization did not know that they were going to be facing a deficit, yet two points come to mind. One is, he makes the point that private companies had increased rates in later periods in the year, in the insurance year. In other words, they didn't wait for a whole year to go by because they knew that they were going to be in a deficit position and they increased rates.

Now it seems to me, in answer to the statement by the Minister responsible for Autopac, the Premier stated that at the time that the five percent reduction was made he had some qualms about it. He allowed himself to be overruled, I believe, or it was the terms that he used at that time. So this leads me to believe that the Minister --(Interjection)--Well, the Minister can ask me in a moment, when I make the point. But this leads me to wonder if the Premier had reluctance about the five percent decrease, and other companies could see that they were going into a deficit position, then really something must be wrong with the Minister and his Board of Directors that they wouldn't have some uneasy feeling themselves that all wasn't rosy in the company. He said just a few minutes ago, the Minister for Autopac said just a few minutes ago that they didn't know that they were going to be or were in a deficit position. Well, if you're not in a deficit position, you must be in a surplus position. I don't say profit, but you must have sizeable surpluses. So I don't think that argument stands up at all, that halfway through a year a company with experienced executives doesn't know or have some idea where they stand. I just don't buy that at all.

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(MR. G. JOHNSTON cont'd)

But what really disturbed me earlier is when the Premier was speaking - and I wish I had marked down his exact words, but I got the understanding from what he said that this venture of putting two cents tax on gas to give to Autopac to help to reduce the deficit, was a tentative move - and I think he used the word "tentative". And perhaps, if it worked out well, they would go further in the future and put more and more taxes, more and more motive taxes on, to help pay for Autopac. Well, Mr. Chairman, if that's the true meaning of what he said, I'm pretty worried. I really am. --(Interjection)--Well I understood the First Minister to give an indication that this was a tentative move and, if it worked the way they would like it, they would have no hesitation about putting more of the auto tax cost onto the gas tax. Well, that's the understanding I got, but I could stand to be corrected. But presently, on even the cheapest brands of gas, if we say it's 63 cents a gallon, and when this bill goes through - and the government has the majority to make it go through - then people in Manitoba will be called to pay about a third of the cost of gas by way of taxation - 33 percent will be taxation, 21 cents out of 63 or 65, or whatever the going rate is.

MR. SCHREYER: . . .

MR. G. JOHNSTON: Well, that's fine. The Premier says, well, ten years ago it was 50 percent. But we feel that the two cents that's going to help Autopac is a hidden tax and it's also a user tax. It's a . . . Yes, it's identifiable, but after a year or two no one knows where the money goes. They just know it's a tax, that's all.

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Chairman, I've indicated that this is strictly hypothetical but I will ask the question. Let us assume that Autopac costs \$60 million to finance with premiums, fully finance with premiums, and would cost \$55 million to the same public, fully financed by taxation on gasoline - which, as indicated, is not the program, but let us say that was the case, that you could save \$5 million by doing it with taxes instead of premiums. --(Interjection)-- Pardon me? Heah. There's no doubt that you will save huge administrative costs, but I put the question, let us assume that those things were argued correctly, that premiums cost you \$60 million - I don't know the figure, I'm just going to put a question to the honourable member - and the taxation cost you \$55 million. Would that constitute, would it still constitute a philosophical objection to doing it through the gasoline tax rather than through the premium? The people are paying both ways.

MR. CHAIRMAN: The Honourable Member for Portage.

MR. G. JOHNSTON: Well, Mr. Chairman, there are two points in answer to that. One is that most taxes that don't bear on everyone in the province should be taxes based on accountability. Now the other point I make - and I'll develop this one a little bit further - is that it bears unfairly on certain people. To place all the costs, or most of the costs of Autopac on the gas tax alone, is unfair to certain groups of people, and let me give some examples. Some members on the opposite side, maybe because there's more urban members than there are rural, seem to think, well, you have a choice, and the Minister for Autopac has said, "Well, if you drive your car less, you're going to have less accidents." But some people can't help themselves. Some people live in areas of the province where there's no urban transit, and most working men today who are not near an urban transit system have to use their car or car pools to go to work. They have no choice whatsoever.

So we have here a user tax. It hits the people who really have to use their automobile. The automobile now is a necessity. It's a negative tax. The automobile is a necessity now. You're taxing a necessity, and you're making the suggestion, well, let us talk about the idea of making it even more and more and more and eventually almost 100 percent, full taxation on gas, and the standard argument is that the more miles you drive, the more you should pay for your insurance. I don't agree with that. I say that this is a tax, or it's a premium, when people pay it they should know the cost. They should know the cost. My honourable friend the Minister for Autopac is now coming around to what the insurance companies are doing - a rating system. Yet they deplored that. My honourable friends opposite deplored that when they talked about it when they were introducing it, but they're coming, whether it's through the back door or the front door - driver surcharges, even the age groups - they're coming around to doing the same method of rating as insurance companies do, because they know that this is the only way you can get at the people that are causing the accidents. And no matter how they

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(MR. G. JOHNSTON cont'd)change it, they're coming to that way of doing business.

Well, Mr. Chairman, I say that if you load more of the premium onto the gas tax, you're being very unfair to many groups of people in this province, because they can't help themselves - they have no choice. You know, the very well-off person that uses his car and has a choice of using it or not, it doesn't bother him, but the carpenter or the plumber or the person that has to drive miles every day to and from work, it's a cost to him of being on the job. It's a cost to him and he can't help it. He can't decide to leave his car in the garage and take the bus, because there are no buses in many areas in this province; or the type of work he does, he needs the car. And the same with people in the small towns and the small cities throughout the province. But if you persist with this idea of putting more and more of the cost of Autopac onto the gas tax, you're being very very unfair to many groups of people in this province and I just can't feature it. You're looking at a car somehow, over there, as if it's a luxury, that you shouldn't be using it so much, and we'll tax you heavier and make you cut down on the use of it. Well, many people can't cut down on the use of their car unless they change their way, change their jobs, or do without them. I just don't understand the thinking that is behind this. A car premium should be in the open where we know what it costs. Autopac is here to say, I'm not arguing that at all. But I'm saying that if you go to the theoretical idea of taxing on miles driven, you're going to be very unfair to many people in this province.

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I'm not going to take up a lot of time, and I'm not going to pursue the idea that the gasoline tax should be used to pay in full for Autopac, because the program of the government is that two cents will be paid in gasoline tax as a portion of their automobile insurance premium. And it will be not a mystery to the people of Manitoba as to what they are paying. Because most people figure it out very quickly - and the Leader of the Opposition is correct - people are not stupid. They will figure out what they are paying, and then they will decide for themselves, is this a fair way of paying auto insurance premiums.

And I wanted to tell the Honourable Member for Portage la Prairie that he is talking as if, if it wasn't this two cents, it would be nothing - that we are charging two cents that would not otherwise be charged. And the Member for Fort Rouge is correctly putting it - that you'll either charge the two cents, or you will charge a premium - and the Honourable Member for Fort Rouge seems to think that a premium is fairer. --(Interjection)--Mr. Chairman, the honourable member says it clearer. --(Interjection)--Mr. Chairman, it's not any clearer. The driver in the Province of Manitoba, I assure you, does not need the help of the Member for Fort Rouge or the Member for Portage la Prairie, he is capable of calculating two cents and the number of gallons of gasoline that he buys. And in his mind, Mr. Speaker, most people who I have seen, who talked to me about Autopac - and they don't say what everybody else is saying that they are telling me - you know, the members of the Opposition seem to feel that when I walk down the street the people are throwing stones at me on Autopac - now the fact is that it is entirely the reverse. It is entirely the reverse. The reason for the agitation --(Interjection)--the reason for the agitation on the part of the honourable members, is that the people have not been as stupid as they think they are - as the honourable members think they are - they have not responded by screaming about this two cents, because they have made a simple calculation. They have said, I drive "X" number of miles a year, I will buy this many gallons of gas, that this is going to cost me \$10.00, or it's going to cost me \$20.00 - and as I make that mental arithmetic as to what it would be if it were a premium, I can see that it's either going to help me slightly, or it's going to be a little bit more because I drive a little more, and I know that if I was buying private insurance I would be rated on the basis of that driving. Now that's what they tell me, and I see a lot of people in my constituency. They say, yes, I figured it out. It's going to be two cents a gallon, I'm going to buy 500 gallons of gasoline in a year, and it's going to cost me \$10.00 for this part of my premium. They have figured it out. They told me that they have figured it out, and they know what they are paying. So when the honourable member says that it is not accountable, I tell him, maybe he hasn't figured it out. But the public has figured it out - and the public has responded by saying, this is part of the premium, it may be a little bit - in one case, if they've done a lot of driving, they say, well, I guess they got me for \$4.00 more than they would have got me if I wasn't doing that much driving. Or they say, my God this is pretty good. Because after all, I drive

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(MR. GREEN cont'd)my car 100 miles a week, which is 5,000 miles a year, and I don't use that much gas, so it's going to cost me less than if I were paying a premium.

So we mustn't assume with the Member for Portage la Prairie that his part of the premium, which if, I suppose - and I haven't made the calculation as closely as I suppose some others have - but if a man drove 24,000 miles a year - and that is quite a bit of driving, that's 2,000 gallons a month - I assume it would cost him about - how much would it be? \$25.00 - could be twice 12.50, but about \$25.00, for that portion of the premium. So if his premium is \$150, it will be \$175, and he calculates that and he says, what happens in another province? Or what happened under the private insurance? And he still believes, Mr. Chairman, and that's what's making honourable friends opposite so angry.

You know, I refer to the Honourable Leader of the Opposition making a vulgar remark. The only vulgar remark that he made as far as I'm concerned, is that he said that the Minister in charge of Autopac wants to fool the public so that he can continue to be a Cabinet Minister and live off of them. And that was a vulgar remark. Because honourable members know that there are very few members in the House, forget which side, who want to be a Cabinet Minister so they can live off the public. The members on this side and the members on that side have been very capable of earning a living on their own, of being able to feed their families, and their move into public service or retention of public service is not based on that kind of consideration. Maybe the Leader of the Opposition, who makes what I called a vulgar remark - and I will retaliate with a vulgar remark, I know of no cheque that he has received other than from his family or from the public. You know, I've received cheques from private companies, from public companies, from the government with whom I've worked for, from private clients - without any dissatisfaction whatsoever. You can go to anybody who I've worked for. And other members on this side - and we can make a living. So when the honourable member says that we say this in order that we can stay here and live off the public, I call that vulgar. And that is the remark that I was referring to.

I tell you that the Minister in charge of Autopac believes that he is performing a public service. That doesn't mean that the public has to accept it. They will tell him in the next election whether they think that that was correct or not, or whether they want him to continue to do so. But he must not make the mistake of saying that this two cents is an additional charge. If it is not this two cents, it is an increase in the premium. We have decided to see whether the premium can be balanced between three things: (1) the basic premium; (2) the driver's licence with demerit charges if they have been reversely earned - to use the expression "earned" is not proper. And thirdly, a mileage charge. And I don't think that the public is annoyed by this. I think that if the private insurance companies could do it, they would do it. They would say --(Interjection)--how could they do it? Well, of course. --(Interjection)--Well, Mr. Chairman, the Member for Fort Rouge insists that we are hiding it. I tell the honourable member that I sent a letter to every one of my constituents, as did most of the members here, and I said we are charging you as follows - I want you to tell me whether this is hiding. We are charging you this many dollars in premiums, this many dollars in your licence, this many dollars in demerit charges, and this many dollars in gas taxes. Now if I wanted to hide that from my constituents, I would not have sent them that letter. I would have sent them a letter saying, that we are not charging you anything for Autopac as has been represented by the Member for Fort Rouge, who tells you that I am telling you that we are not charging you anything. Now that was sent to my constituents, every single one of them. That was my report from the Legislature, which tells them every single dollar that we are charging, and tells them that we may be wrong; that next year we may spend more than we take in, just as we've done this year, in which case we will have to charge them again, And I tell you that was sent out by additional members of this caucus, and was also told to the public in the press release that was issued by the Minister in charge of Autopac.

So when you tell me that I am trying to hide something, I tell you that that is false. That if you insist on that, then you are trying to hide the fact that we have been open with the public - if you insist on that. Now I know that you would not want to do that. So I tell you then, don't do it. It may be a wrong charge. It may be an unfair premium, as the Member for Portage la Prairie says - but are we hiding it? I mean, have you been unable to find in the Winnipeg Free Press and in the Winnipeg Tribune and on CKY and on CTV and in all the other news media, that --(Interjection)--no, but have you been able to find a month's running of their

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(MR. GREEN cont'd) editions without mention of the two cents on automobile tax? So if we are trying to hide it, Mr. Chairman, then we are, you know we are really not quite the politicians that you make us out to be, because everybody in the Province of Manitoba - everybody in the Province of Manitoba knows that there is going to be an increase of two cents in gasoline charges, there is a three-cent increase, and that two of the three cents, some of them have - and I want to know who put this over - some of them think that the entire three cents is Autopac. So what have we hidden? Who has hidden something? Who has hidden something? Who, when they were talking about the auto insurance increases - who made a speech for an hour on that bill, and referred to this increase as going to Autopac? The Leader of the Opposition. So who's hiding something? He's hiding the fact that one cent is not going to Autopac at all. And some people - mind you, I'm not even sure whether they have been misled by the Leader of the Opposition - I'm not sure whether those people haven't just spouted the party line of the Leader of the Opposition. That they are trying to do the same thing as he is doing, by misleading people into thinking that three cents is being charged for auto insurance, and not two cents.

But I tell you that you will not find, if you went to 100 auto gas users, drivers, you will not find two of them who do not know that there is an increased charge for Autopac. Most of them will say it's two cents. The ones who, regretfully, have had their blinkers put on by the Leader of the Opposition, will tell you that it's three cents. But everybody knows that it's there. So who's hiding something? Nobody is hiding anything. The entire fee is known, and the judgment as to whether it is a proper means of charging for this coverage, is still to come. I'm not worried about it, Mr. Chairman. You know, the worst fights this party ever had were the times of our greatest public support. We had the Autopac debate in May, June, July, August - or May, June, July, in any event, of 1970. We announced that we are going to have unification of Greater Winnipeg in the fall of 1970. We went to the public before either of these two programs came into effect, and we dealt with both of them. And the auto insurance people and the Conservative Party told this story, and the Liberal Party told this story - we won the greatest electoral success in terms of public support in the two by-elections on which we were fighting those two issues, which were the hottest things that the Opposition have ever thrown against us - that that was the day of our greatest electoral success. And I am not afraid of this fight, because if the honourable members of the Opposition persist in fighting on a manufactured position, which they know to be unsound, then I say, Mr. Chairman, I am with them. I join the battle, and we are going to do that for the next three weeks.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, if we're going to have a fight, let's have a fair fight. And Mr. Speaker, let me tell you what a fair fight is all about. A fair fight is not for the government to have the books, to make representation of what the books say, not to give us facts; and to tell us what those facts are, and then on the basis of that, we have to make a judgment. Because you see, there is no accountability for Autopac. None whatsoever. There is no accountability whatsoever for Autopac. We have no idea of what projections, what deficits, what is going to take place in the next period of time. In the knowledge of the members opposite, they are seized of it, not us, and they say we'll go to the public and we will put ourselves in a position. And I want to tell you, Mr. Speaker, at this particular time, the way it's set up, with the Minister being the Chairman - with, in effect, the basic political control exercised on the operation of that Crown corporation - there is no way that you have in any way a degree of accountability. There is nothing independent or separate and apart which would provide this Chamber or the people with any opportunity of weighing or judging. My God, we have a continual deficit being run by a Crown corporation, and we know it's going to be in deficit and it's going to remain in deficit, and then we are asked to present ourselves to the people and ask them to base it on - what? Based on the best intentions? Based on what statistical data? Based on what facts? Based on what information?--(Interjection)--Well, it's far more than they have from the private sector. But you are saying as a political position, as a government staking its reputation, that you're prepared to go to the people, who are the shareholders - and you're prepared to have a shareholders vote, and you're not giving the shareholders the information -- (Interjection)--oh, you gave them full information. We know that when they voted in '73, they did not have full information. We know that. We know that that information that they voted on was incorrect and false.

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(MR. SPIVAK cont'd)

Now, the question whether knowingly or not is an issue, the Minister of Public Auto Insurance would suggest that they did not know. It's inconceivable that the members opposite going into an election in which auto insurance was to be argued, would not know the financial position. You know, it would be the worst reflection on their ability, if it was suggested that they did not know where they stood at that time. They darn well did know, but they wouldn't tell the people. Because if they told the people they would have been thrown out. So the Minister says, we're going to go in the next three weeks and we're going to talk, and we're going to deal with it. Well, deal with it on the basis of the information we have. And I suggest to him, that the increase in the gasoline tax is an issue with the people, and they'll settle it. But don't suggest - but don't suggest to us that the people are in a position to make a judgment, because they do not have the information. They don't know what fabrication has been made of the statements that have been represented here. --(Interjection)--

Oh, well, just one second. There I go again. You're suggesting that in the election of '73, the position and posture of the members opposite was not a fabrication based on the actual facts of the situation. --(Interjection)--It was not, eh? You're suggesting in May of '74 you could know there was a deficit, and in May of '73 you didn't know there was a deficit? --(Interjection)--You're suggesting the same people who were involved in your corporation in May of '74 would not have known in May of '73 that a deficit was forecast? That's hogwash. The same abilities - the same abilities - and they know this year, that there's going to be a deficit, they've already told us that. So if we have a situation where the pattern indicates that those kinds of projections could be made, that in effect a determination could be made - you're suggesting in '73 you didn't know. Well, I'm sorry, you did know. The problem is that you're not being honest with the people, and that's the whole problem, and that's the difficulty. Because you cannot . . . and the other incredible thing is that the Member for St. John's got up and said, you know, well, so can't we change our position? And I say to him, sure you can change your position, but have the guts to stand up and say you've changed your position. Don't start to try and wiggle around this by suggesting that a tax isn't a tax, or isn't a subsidy. That's nonsense. It was implied in everything that has been said by the members opposite, when the nationalization of this industry took over that the tax revenues would not in any way be used; they would be self-sustaining; they would operate and it would not be a call on the taxpayers, that it would not be hidden with respect to it. Well, I am suggesting that you've broken that commitment, and there's no way in which you're going to be able to avoid that. The people know that, and I suggest to the Minister of Mines and Natural Resources, sure, have a fight, but for crying out loud, don't suggest that at this point we know the full financial picture of Autopac. We do not.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I would like to reply to the comments made by the Honourable Members for Portage la Prairie and Fort Garry, and I take some particular pains in replying to the Honourable Member for Portage la Prairie because, while he has raised much of the same subject matter, at least I feel that I am dealing with someone who is not an intellectual wretch about what is at issue. There are some pointed matters to be raised here with all justification, and the Honourable Member for Portage has done so.

I want to take him back to the circumstances and context of events surrounding the period which was approximately March through to May of 1973, and if he can take his mind back to that point in time - and I even invite him to do a little bit of additional checking of the record, the newspaper morgue and newspaper clippings of that period in time - he will find that the juxtaposition of events was something as follows: That early 1973 was a time of still very incipient inflation - the full signs and portents of it were still not very manifest. And also, at that same period in time, he will recall perhaps with some amusement and irony, that his then leader was making a great deal of publicity in accusing Autopac of harboring a distinct surplus, and he was accusing Autopac of sitting - and I think I can even put a figure on it - he was alleging at the time that Autopac was sitting on a burgeoning surplus, and I think he used the figure of \$3 million or \$3.5 million. Well, my recollection is it was in early 1973. Now, whether it was November of 1972 or April of 1973, I'm convinced that it went well into April, if not early May of 1973.

At that point in time I indicated that if Autopac was building up somewhat of a surplus,

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(MR. SCHREYER cont'd)that that was not something about which to get excited, and that for an insurance company to build a surplus was merely prudent and necessary management. In any case - well, the stabilization, just as indeed any utility, whether it's telephones or hydro, must at some point in time be able to build a surplus sufficient to replenish a rate stabilization reserve, if indeed they are fortunate enough to have one. Be that as it may, my indication to that effect was dismissed as being merely an attempt at greed, shall we say, on the part of the Crown, or government corporation or whatever, and that led to a series of events to consideration in early '73 of some adjustment in the automobile insurance premiums, some adjustment downward.

Now it's not a case of being overruled as my honourable friend used that term, but rather it was a matter of confession that there were many lingering doubts about the advisability and the prudence of effecting any reduction, however modest it may have been. But even then we described the reduction as a modest one. And, of course, events of the last half of 1973 and all through 1974 have been, as honourable members well know, one of inflation that really gained momentum in the latter half of 1973, starting with the commodity price explosion roughly in midsummer of that year. And it's not as though the phenomenon of the past 18 or 24 months now has caught Autopac in any peculiar way, any way different than the way it has affected all insurance companies in this country and the continent. And that is why, as I've already indicated and my honourable friend well knows, in the past 18 months to 24 months there have been a series of increases with higher frequency than ever was the case through the decade of the 60's and 50's and 40's, etc. And in the 30's there were no increases at all, but only decreases, I should think, with the Depression. Despite the multiple year increases in premiums, multiple increases per year, rather, there has still been a persisting \$250 million, plus or minus, deficit facing the industry as a whole in Canada. So that really is the context of that particular decision, which I have never hidden the admission, in retrospect that it was the wrong decision, that 5 percent downward adjustment. My honourable friends, it's perhaps an unusual offer - I am prepared to call witnesses who were involved at the time of the discussion as to whether or not there was room, as it were, to effect any kind of a decrease and of course the experts themselves - whenever you summon experts you can get opinions on both sides of the coin, and that's what happened. It was a case of having lingering doubts at the time.

But I must reply to one other specific raised by the Member for Portage. He said that he felt uneasy because he inferred, very distinctly inferred from what I had said earlier this evening, that we were probably on a compass direction or on a heading here with respect to a gas or a fuel utilization surcharge applicable to Autopac that would increase over the years until it would be a very major part of the financial input into Autopac. I would like to be very specific and clear here that when I was venturing any comment with respect to the future, the extent to which there would be an increase in fuel consumption utilization charge relating to insurance highway risk and insurance, I said that I felt that it was something which there's already been a good deal of theorizing about and some articles written in learned publications, trade publications about the pros and cons - theoretically speaking - the pros and cons of going to a full substitution of premiums for car insurance by means of a substantial charge on fuel consumption.

I hope that nothing I said left my honourable friend with the impression that we were in fact committed to that course of action. But I did venture, perhaps a little rashly on my part, that I felt that in the foreseeable future there would be indeed a substitution of at least one kind or one portion of the premium charge, and that is that portion which - as a layman I can only use these terms but I suppose there are more precise terms - the premiums that are charged as between all purpose and preferred users, or motorists. As I understand the terminology, those people who are able to swear or attest that they are using their vehicle to drive to work or not to drive to work, there's a significant difference in premium, one being preferred as opposed to the other who is non-preferred, or all purpose or general. I can see the rationale for a substitution of a fuel utilization charge for that kind of premium, not for the major standard premium that relates to the make and model of car. I hope I didn't go that far as to make that suggestion.

Now, offhand, in a rough and ready way, if I were to ask as to what part of an insurance premium on a vehicle is relatable to whether or not it is used to drive to work and how much

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(MR. SCHREYER cont'd) would be merely the standard premium on the make and model of vehicle, it's pretty hard to quantify, but I think my honourable friend the Member for Portage la Prairie knows what I'm referring to there, and I say again that I would be surprised if there are not, in the very next few years ahead, some systematic studies done about the efficacy and equitability and pros and cons of at least that degree of substitution of one form of charge for the other, but the basic premium I see remaining for a good many years to come.

Well, the Honourable Member for Portage la Prairie indicates that the one thing he regrets about the measure before us is that the gasoline tax or charge is, in a sense, indirect and hidden, and it's on a necessity, and as such - well, he regrets it; but you see, sir, I believe that my colleague the Minister of Mines has already made this point, that there is involved here some \$4.1 million, \$4.5 million, plus or minus, including both gasoline and diesel, and that \$4.5 million, there's no question about it, it has to be made up, and so if it were not made up here through this form and by this reasoning, it would most assuredly have to be made up by augmentation on the premium, so it's not as though those who claim necessity here would somehow be able, if we had adopted some other means, that they would somehow be able to avoid the incurring of that cost. I mean, that just cannot be, sir, by simple reasoning.

Insofar as the hiddenness is concerned, let me just elaborate slightly on what my colleague the Minister of Mines indicated. To me, it is by definition impossible to suggest that there was an attempt to hide, given the fact that on or about the 3rd of January the Minister responsible for Autopac issued a specific press release announcing the intent several months in advance - to be precise, something in the order of 5 months in advance - and then, as though that weren't enough in the way of specific announcement of intent so as to preclude any suggestion about hiding, it was repeated in February and repeated "X" times in this House, announced formerly again, re-announced in the Budget Address, and so, frankly, I'm a little flabbergasted as to how there could be some suggestion that there was an attempt to hide.

Now, I would like to also deal with the Leader of the Opposition on the question of accountability, and I frankly, was wondering what argument he would make on the issue of accountability. Since when, since when has any argument been advanced by governments anywhere in North America that, with the traditional system of car insurance, that we had an excellent means and mode of obtaining accountability with respect to automobile insurance and the motoring public? As a matter of fact, according to my best understanding of years gone by, the only kind of accountability we had with respect to automobile insurance is a Royal Commission about every two decades and a Standing Committee of the Legislature about every decade. And right now, in Ontario, they are going through the exercise of some sub-committee of a standing committee of the House looking at automobile insurance, but it is not subject to any systematic Public Utility Board kind of scrutiny or rate setting. And it seemed to me that almost by definition, what we had before, traditionally, with respect to car insurance, was the very antithesis of accountability, not something to hold up as a model, be it beside which Autopac is somehow wanting.

Now I'd like to also refer to the Member for Fort Garry who raised primarily different questions - he repeated the expression that he would like to ask these questions, the questions having to do with the effect of this change in the gasoline and motive fuel tax on the economy of the province and on the people of the province. Now I assume he wasn't asking those questions rhetorically, that he was indeed wanting an answer, so I will now try to give him some of that information.

To help put this into perspective, I would invite him to take note of the fact that in 1964 the gasoline tax was increased in this province to 17 cents per gallon and diesel fuel to 20 cents. It will be, when this measure is passed, 18 cents for gasoline and 21 cents for diesel fuel. How does that relate in terms of impact or incidence on the economy and on the people of this province? Well, I would suggest that in 1964, when the previous administration increased the gasoline tax to 17 cents, at that level the tax constituted approximately 40-45 percent of the total value of a gallon of fuel as purchased. Today at 18 cents, it will be in the order of 30-33 percent of the cost of the gallon of fuel.

But an even more important perspective on this in terms of impact on the economy, is for my honourable friend to look at the tables provided in the budget document, and he will see that in 1964, when gasoline was 17 cents a gallon, proposed change at that time, the personal income per capita or personal disposal income per capita, whichever way he wishes to measure

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(MR. SCHREYER cont'd) it, stood at \$1,650, and in 1974 at \$3,900. If he is suspicious of those figures because of inflation or dollar devaluation in effect, then in constant dollars it was \$1,580 and \$2,367, an increase of 50 percent in real dollars, uninflated dollars, while the proposed increase in the tax on gasoline will be 5-1/2 percent in the same period of time. So that when measuring impact or incidence, there can be no question that in terms of disposable income, in real, uninflated constant dollars, then there is an increase of 5-1/2 percent as opposed to an increase of 5-1/2 percent as opposed to an increase in disposable income of something in the order of 50 percent. So I really don't know where my honourable friend is getting the impression that the impact is somehow going to be problematic. In fact, in any relative terms of measurement the impact is substantially less than in the year of our Lord 1964, when it was set at 17 cents, and 20 cents in the case of the diesel fuel at that time.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. DAVID BLAKE (Minnedosa): Thank you, Mr. Speaker. I've been on the go now for about 17 or 18 hours and I'm getting a week bit weary, although I've put in many 18-hour days and I always feel reasonably good about it when I've accomplished something. But at the end of an 18-hour day when I haven't accomplished very much, I feel somewhat guilty. And I don't really feel that we have accomplished that much on this particular bill today, although I realize this is democracy in action in its greatest form, with all the debate and the thrust of debate back and forth, and those on this side of the House aren't without fault either, Mr. Chairman. But I certainly don't want to belabour debate on this particular section.

Everything that I was prepared to say has been said. I did find it interesting that - it's been mentioned several times on that side - that Autopac is not an issue any more, and yet I find during this Session I think it's been defended more strongly and harder-lined than possibly ever before. So I would suspect that they probably do feel that it's an issue and is worthwhile defending. Although it's been said before, they're probably defending the indefensible, and it's always that much more difficult.

Mr. Chairman, I just want to go on record as saying that I'm opposed to the two cents on gasoline, the two-cent tax being used to prop up the Public Insurance Corporation's losses. I feel that the Corporation was allowed to get into a god-awful mess, and I just don't agree with this method of bailing it out. There are probably other methods of bailing it out and I think that those are the ones that should be used rather than taxing gasoline, and if I refer to it as a subsidy I'll just encourage another speaker to get up on that side and tell me that it's not a subsidy, so I will not refer to it as a subsidy although I don't know just what other meaning I might put on it, Mr. Chairman.

I think that the arguments that have been put forward tonight in about almost four hours of debate have all been used before. They've been said over and over again. Those of us on this side of the House are opposed to a monopoly in the auto insurance industry and in the other insurance industry. We believe in giving someone the freedom of choice. If the government wants to get into the business, let them get into it on a competitive basis and give the user the right to go somewhere else for his insurance coverage if he does not particularly feel like dealing with the government or any other corporation or insurance company that he does not wish to do business with.

It was interesting to note the arguments of the Member for St. Johns, who mentioned everyone in this House was well off, and I just don't know how he considers that well-off being, whether it's on a personal basis or on a financial basis. I realize that anyone that's enjoying good health is probably well off. But if that's the case, it would look like he would favour maybe the ability-to-pay principle to look after the deficits in Autopac. In that case they should probably go to the income tax forms and find out that someone who made \$50,000 should probably pay a higher premium than someone that only made \$10,000, and that doesn't really hold true that someone using their car more would necessarily be paying his fair share of the extra tax burden.

As I said, Mr. Chairman, I don't know how many more speakers we'll have on this particular section of the bill before we pass it. The great newspaper article that was used by the First Minister, I'm sure someone with very little trouble tomorrow or the next day could dig up an article or a front page that had been written by someone giving the other point

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(MR. BLAKE cont'd) of view. So I think it becomes a bit academic to get into all of these various arguments over and over again. I think those of us on this side of the House have stated our position, our opposition to the monopoly in the auto insurance. We're opposed to the two-cents-per-gallon tax being diverted into the Public Insurance Corporation to prop up an industry that is obviously in a distressed situation when they are losing millions and millions of dollars, and I really can't see how the Minister can take very much satisfaction out of the fact that only 18 cents of the premium dollars is used on administrative costs when the Corporation is \$25 million in the red. I really don't see how he can take much consolation out of the fact that only 18 cents is used for administration. Maybe if he used 25 or 30 cents for administration, the Corporation would be breaking even, and maybe that's something that he might look at, because we know that the \$10 million loss that we suffered two years ago was not really a loss, it was an investment in wages and bent fenders, and that's the economic theories of the Minister of Agriculture who mentioned that how could we consider that was a loss; it was an investment in materials and wages, and the people of Manitoba enjoyed all the benefits.

Mr. Chairman, I want to say again that I'm going to vote against the particular section of the Act proposing the three-cent tax on gasoline, and I'm not that short on mathematical ability that I don't realize there are more members on that side of the House than there are on this side of the House, and we're really not going to accomplish much more than we have tonight in the past 3-1/2 hours in running through the philosophy of a monopoly insurance versus a private enterprise insurance, a tax versus a subsidy, and a premium versus some other form of propping up a \$25 million loss.

So, Mr. Chairman, if there are other speakers to speak on this particular section of the bill, I hope that they will be brief and let's get on with the business.

MR. CHAIRMAN: The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Well, Mr. Speaker, I'll be brief - I think I'm noted for being brief in any case. But I couldn't help but respond to the First Minister when he took us back to '73 and explained the rationale for the 5 percent decrease. He's the second one on that side. The Minister of Autopac also made the point that because the Leader of the Liberal Party at the time accused him of holding surpluses, they should cut the rates, and I'm really surprised that the government pays so much attention to Opposition. I'm really surprised that a Crown corporation would pay that much attention to anyone on this side, because I can't recall in recent years when the Manitoba Telephone System has cut its rates because someone has said that they had a surplus, or that Hydro had cut its rates because an Opposition member had made the statement or raised the fact that rates should be cut. As a matter of fact, I understand MTS and Hydro, who are also vast users of material and have wage problems and so on, and have problems of inflation the same as Autopac had, I always thought - now perhaps I'm wrong, but I always thought that they, after many months of deliberation with experts and so on, they would make a statement about whether they're going to increase or decrease rates on certain categories. But now the First Minister has confirmed my worst suspicions that the Cabinet has a lot to do with the Autopac's rates, whether they increase them or decrease them.

When I said that the gas tax would be a hidden tax, certainly the government announced it, and certainly they had to get it through the House, so he had to announce it, and I'm not saying they did anything wrong there, but I'm talking about the way the gas tax is now. If you ask the average motorist where does that money go, he doesn't really know. Some of the old-timers may remember the fact that at one time the gas tax was only for highways - it was only for highways - and then it was after years had gone by and they got so much income from this source that they found that they could divert it to other sources. So I don't think that that's the point at all.

But I have a proposition to make to my friend the Honourable Minister of Mines and Natural Resources, if he'll listen for a moment. He made a big thing about sending out letters to his constituents saying that there was going to be two cents put on, and explained clearly how Autopac would be paid for and this was going to be a small part of it and he had no complaints. He also said that . . . and he took a hypothetical case, where one of his constituents would use 500 gallons in a year and it meant about \$10.00 to him. But I come back to what others on that side have said about discussing the idea of some time increasing

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(MR. JOHNSTON cont'd) again the gas tax to help the Autopac deficit. The \$10.00 doesn't mean that much now, and if it's \$11.00 or \$12.00 or \$13.00 for many people in rural Manitoba, it doesn't mean that much now. But if it goes up to 20 cents and it's \$100.00 more instead of \$10.00, and if it's \$100 more for an urban driver it'll be \$200 or somewhat under that for many many rural drivers, it'll mean a great deal then. It'll mean a great deal then, and it will be more unfair, because Autopac has recognized, like private companies have, that the density of traffic in rural Manitoba is such that they gave lower rates. But if my honourable friends - well, they have broken the principle by putting on an across-the-board two cents, but if they ever put it up to 20 cents, then the rural driver will pay more for his car insurance than as before he paid less, because he was less liable to be in accidents because of the traffic density.

So I just say, and I put the proposition to my honourable friend the Minister for Mines, that if he can say with certainty - and the First Minister - that this is all they're going to put on, the two cents is all they're going to put on, I'll vote for the bill. And I'm talking about their next two or three years of office.

MR. CHAIRMAN: Question? Item 1 - pass? In my opinion the Ayes have it.

MR. SHERMAN: The Yeas and Nays, Mr. Chairman.

MR. CHAIRMAN: Pardon?

MR. SHERMAN: The Yeas and Nays, Mr. Chairman.

MR. CHAIRMAN: Call in the members. Order please. The question before the House is Item 1 of Bill 40.

A COUNTED VOTE was taken, the result being: Yeas 24, Nays 16.

MR. CHAIRMAN: I declare the motion carried. Item 2 - passed.

MR. GREEN: Page by page?

MR. CHAIRMAN: Page by page?

MR. GRAHAM: Mr. Chairman, not so fast.

MR. CHAIRMAN: Order please. I didn't hear what the honourable member said.

MR. GREEN: I said page by page.

MR. CHAIRMAN: Does the House agree, page by page?

MR. GREEN: Mr. Chairman, what item are you on? Item 2?

MR. CHAIRMAN: Item 3.

MR. GREEN: I would like a standing vote on Item 2. I want Yeas and Nays on Item 2.

MR. CHAIRMAN: Question?

MR. SPIVAK: If you've already declared Item 2, if we're going back on Item 2, then I think I would like to discuss that. Well, I'm sorry, Mr. Chairman, either way, I think that . . . Well, I'm sorry. We went through procedurally and you went through Item . . .

MR. CHAIRMAN: (Items 3 to 6 were read and passed.) 7 36(3) (a)-passed. (b)-passed. (c)-passed. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Dealing with the payment from the Consolidated Revenue. You know, Mr. Chairman, it's odd what a difference a day makes. When Autopac was first set up we found that they had surplus funds, and in fact they went out and they purchased debentures - hospital debentures - throughout the province, and in essence they said by doing so they relieved the Consolidated Fund. Now we find they're coming back to the Consolidated Fund for money and they're not willing to wait until the end of the fiscal year to collect it; they want it on a monthly basis. And they're not even willing to wait until it's accounted for on a monthly basis, they want it on an estimate on a monthly basis. Sir, I have no objection to that, other than the fact that I fail to find in here any provision where, if the estimates that are paid are greater or less, that the correction will be made the corresponding month, or whenever they do find out the actual amount. It appears as though there is no provision - at least as far as I can see here - to make a correction for an overpayment or an underpayment from the estimates that are presented.

Now, supposedly, on the annual statement at the end of the year that would occur, but at the present time I can't see any provision in here and I was wondering if the First Minister would be willing to tell us what provision there is to make the correction from the estimate to the actual amount.

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

MR. CHERNIACK: Mr. Chairman, the Honourable Member for Birtle-Russell had started to discuss this earlier under Section 2, so I knew what he was aiming at at that time,

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(MR. CHERNIACK cont'd) and I read the section and I came to a conclusion, but I consulted with the Legislative Counsel, who seems to have left the room just a moment ago, but I report what I confirmed with him. Of course my word can be questioned by the honourable member who can check it out with the Legislative Counsel, who confirmed with me that sub-clause (a) clearly determines what is payable. Sub-clause (c), recognizing that the actual calculation could not be made until the year end, sets out a procedure whereby monthly payments may be made on an estimates basis. One of the reasons why it can't be calculated exactly is the refunds that are payable to people who are entitled to rebates under other sections of the Act, and therefore the actual exact amount cannot be calculated except in retrospect.

Now the Legislative Counsel told me that he's satisfied that (a) is the clause that fixes the amount to be paid; (c) shows the manner in which it will be paid month to month; but there seems to be no doubt in his mind that at the year end when the final calculation is arrived at, then the adjustment will be made, and that is the explanation which I cleared with the Legislative Counsel and I believe to be correct, and I think it makes sense that that's the way it would work.

MR. CHAIRMAN: (The balance of Section 7, and Section 8 to 11 were read and passed.) Page by Page? All right. Page 4 - passed. (Pages 5 to 9 were read and passed.)

Page 10 - I believe there's an amendment. The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, there is an amendment on Page 10 at Section 23 and it would read . . . I believe it's been distributed to honourable members? Or at least it can be. It's relatively simple and nominal. It is that Bill 40 - I move, seconded by the Honourable the Minister of Urban Affairs, that Bill 40 be amended by striking out Section 23, thereof and substituting therefor the following section: Sec. 16.1 added. 23 The Act is further amended by adding thereto, immediately before Section 17 thereof, and as part of Part III of the Act, the following section: Definition of "mining claim". In this Part "mining claim" means the mining claim held under Order-in-Council 1746/56, 574/57, 1060/57, 1061/57, 1699/57, 1913/57, 224/59 or 1290/61 and a patent granted by Her Majesty in right of Canada or Her Majesty in right of Manitoba for the exercise of mining rights.

If I may, Mr. Chairman, just to indicate the basic nature of the proposed amendment, it was felt initially that the matter of the mining claim tax could be handled as with all mining claim taxes by way of regulation emanating from the Department of Mines and Resources. But upon closer checking, and this is subject to confirmation information by the Legislative Counsel, but upon closer checking it was ascertained that there were two kinds of mining claims, tax upon which could not be handled in that routine a fashion. This would be the mining claims that are referred to specifically in the amendment, and those mining claims which are of a nature that exist as a matter of Crown Patent having been granted. So these two kinds of claims must be exempted and treated separately for mining claim tax purposes, hence the need for this amendment.

MR. CHAIRMAN: Page 10 as amended - pass? The Honourable Member for Fort Garry.

MR. SHERMAN: I would defer to the Member for Roblin.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. J. WALLY McKENZIE (Roblin): Mr. Chairman, I have some questions to ask the Honourable the Minister under Section VI. I'm wondering what this tax is going to add to the freight costs. I know last year the Premier announced a fuel tax reduction of two cents . . .

MR. SCHREYER: What section is . . .

MR. McKENZIE: Part VI is the one I'm . . .

MR. SCHREYER: Part VI.

A MEMBER: Page 10.

MR. CHAIRMAN: We're not there yet.

MR. McKENZIE: Oh I see. --(Interjection)--

MR. CHAIRMAN: I called Page 10 as amended.

MR. SPIVAK: I think the honourable member is correct. We are on Page 10 and therefore he's in a position to deal with this item.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Yes, there's no problem. Obviously we can deal with it. But Section VI that my honourable friend the Member for Roblin wants to deal with comes after this amendment has been disposed of.

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MR. CHAIRMAN: We'll call the amendment and then we'll deal with the page. Section 23 as amended - passed. Page 10 as amended - the Honourable Member for Roblin.

MR. MCKENZIE: Well, Mr. Chairman, I have been in touch with some of the trucking industries in my constituency, and I do live quite a distance from the city, 250 miles or more, and the truckers mentioned to me that they were provided a reduction in fuel costs of two cents per gallon last summer to hold down their overhead costs, and of course, however, now that's been replaced. I'm wondering if the Minister or the government has done any studies of what this is going to do to freight rates in those outlying constituencies, Roblin, Swan River, because a lot of trucks there are driving 100,000 miles, and you add the costs of fuel on top of that it runs into a pretty substantial amount, and if you put on top of that the 14 to 19 percent increase in their basic insurance rates plus the 24 percent increase in supplemental coverage, it becomes a pretty heavy burden and they naturally are going to have to add to the freight rates. I'm just wondering if there's any idea of what it is going to cost.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, in terms of taxation, the impact or cost will be in an absolute sense exactly what it was two years ago plus one cent, and that's in an absolute sense. In a relative sense, of course, the impact will be less because, as I indicated in reply to the Member for Fort Garry, we are now talking about 21 cents on diesel, whereas it has been 20 cents for 10 years - 9 years - and that was at a time when 20 cents in relation to the cost of a gallon of diesel fuel loomed much larger. Because of the amount of the cost of a gallon of diesel fuel, the tax was a much higher proportion than it will be today at 21 cents. Certainly that much is fact. And in relation to their overall costs of operating, the tax on a gallon of diesel fuel will be less today than it was 10 years ago - in relation to overall costs.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. MCKENZIE: Well, I certainly understand the Honourable the First Minister, but I'm wondering if he has any idea, as he's been talking with the industry, in fact are they going to be adding additional freight costs? Now, that naturally won't be a factor in the city here but it certainly will be a factor to those in those areas and farther north that are getting their goods transported by truck.

MR. SCHREYER: . . . Mr. Chairman, say will it cost more? Well, the answer to that is in two parts. Part (a), yes it will cost more to that extent. But cost more than what? Because I must remind my honourable friend that were it not for this two cents, then in all probability we would have had to go the route of a consequential increase in the premium consideration on trucking.

So no matter from what perspective one wants to view it, the fact remains that \$4.5 million is required, whether it's by this means or by means of an adjustment on the other premium considerations. So that the trucking industry ought to have no reason to expect that they would have been exempt from any kind of across-the-board adjustment in premiums had we not proceeded to the extent that is taken up here by this gasoline or diesel fuel charge.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, in order to facilitate tonight in the proceedings - and I think we've had the debate and our positions are clear - I'd like to indicate very directly that rather than proceed on clause by clause with respect to this, because our opposition I think is known with respect to the question of the gasoline tax being used for Autopac, it will be our intention to vote that the bill not be reported, and in this way register our protest. This is to facilitate - the argument is there, our positions are known, and I don't think it will serve any purpose to start the procedures over again.

But I must say in closing, at this point in my remarks, that what the Honourable Member for Roblin has suggested with respect to the motive fuel tax is of serious concern I think to those areas that are distant, away from market, and particularly distant from the Winnipeg market, and there will in fact be for those people who are residents in remote communities and in other areas in which there is substantial distance, an additional burden that they are going to have to bear which, in our opinion, is part and parcel of the total cost with respect to Autopac.

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MR. SCHREYER: I accept that line of reasoning providing one accepts with it the fact that when diesel fuel tax was 20 cents, as it was from 1964 to 1974, then the same reasoning applied.

MR. CHAIRMAN: Page 10 as amended-passed. Page 11-passed. Page 12-passed. Page 13 - the Honourable Member for La Verendrye.

MR. BANMAN: Page 12, Mr. Chairman, at the bottom. Amendments to the Retail Sales Tax Act. I wonder if the First Minister could clarify with regards to the purchase of containers by farmers, if this would include things like truck boxes, grain boxes and hoists for the hauling of grain to elevators, or sugar beets or the like thereof.

MR. SCHREYER: No, Mr. Chairman. In that respect, the Revenue Sales Tax Act remains unchanged from its original version in 1967.

MR. CHAIRMAN: Page 12 -The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I just want to register at this point, with respect to the amendments to the Retail Sales Tax Act, that these are, if anything, a token act on the part of the government to offer any kind of relief with respect to the situation with respect to the economy and inflation in the cost of living. It would have been our hope that the government would have seen fit to have eliminated the sales tax on building materials and to have eliminated the sales tax on clothing, and to have provided as a result of those measures, some relief to the escalation of costs that have occurred, and what has been offered, at this point, is minimal in terms of the requirement and it will have really no effect.

We've also indicated that we believe that there could have been and should have been, tied in with an incentive program of some type, a relief of the sales tax on production machinery to spur the economy in the private sector. This has been done, I think, in the Ontario budget, and a leaf could have been taken out from that budget, as I believe this particular clause was taken out. And it would seem to us, Mr. Chairman, at this particular time, bearing in mind the factors, the indicators as far as the statistical data, that that kind of relief should have been forthcoming.

MR. SCHREYER: Mr. Chairman, the changes that were made in the Sales Tax Act in Ontario were made, I think, primarily for two reasons. (1) They had a 7 percent sales tax compared to 5 percent here, and by virtue of that they were able to make some offsetting changes. Some of the changes they have made with respect to the Revenue Sales Tax Act are unabashedly in advance announced to be of 12 months' duration, at which time the 7 percent will reassume. I think it's also valid to make the point that with respect to the clothing allowance, that there was no allowance made for clothing under the Sales Tax Act, with respect to children's clothing that is . . . I'm sorry, there was no allowance made in 1967 except for children's clothing, and it was left - Well, I must admit that it is a difficult problem. It was left relatively ill-defined with respect to children's ages and clothing, so partly to offset that, we have introduced the Cost of Living Tax Credit, which relates to the Sales Tax and which is now this year, in this year's budget, being increased by something in the order of 50 percent. And that's one of the ways in which we hope to offset at least part of the impact of inflation on the Sales Tax.

MR. CHAIRMAN: Page 12 - passed; Page 13-the Honourable Member for St. Johns.

MR. CHERNIACK: I'd like to deal with Section 38. If the Leader of the Opposition wants to deal with something prior to that, then I'll stand down.

MR. SPIVAK: I'll wait until later.

MR. CHERNIACK: Well then, Mr. Chairman, Section 38 deals with the increase in the exemption under the Succession Duty Act as it applies to the - I think they call them - preferred beneficiaries. And it's really a response I want to put on record for the Member for Riel, who did speak of that and talked about it as being inadequate - an inadequate increase that was misleading, and posed certain points in relation thereto, and I want to as briefly as possible just put on the record a response to what he said. And the response is based on a conversation that I had with the officials responsible for the collection of the Succession Duty Tax for the province.

Firstly, I confirm that the department has no evidence and no knowledge, no indication of any sale that has been made by an estate or by beneficiaries in order to pay the tax. Now we've heard time and again that people and farmers are forced to sell to pay the tax - they

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(MR. CHERNIACK cont'd) have no evidence to that effect. They are aware of the fact that a farmer who may leave his farm to four children, of whom only one child may be working the farm, that then a sale may take place in order to provide for distribution of the assets, but not for the purpose of paying tax. And I have asked time and again, when I've heard representations - I've asked time and again for proof, and I've never received any. So I put that on the record.

The point was made by the Member for Riel, that the tax may be a burden on people who are in receipt of a bequest or an inheritance that is not in the form of cash and therefore there is a hardship and a need - again, he says a need - to sell in order to liquidate enough of the estate to pay the tax. Well, I questioned the department again on the point of a six-year spread. And I think the Member for Riel was not aware that a beneficiary has the right to opt, to pay the tax over a six-year period. That period is payable with interest at 9 percent per annum, but if the interest is inexpectancy, that is an interest which is not yet become due, then the postponement would bear interest at 5 percent or such lesser amount than the Lieutenant-Governor-in-Council or the Minister may fix.

Now, Mr. Chairman, there have been approximately 7,000 Succession Duty Tax returns in the years 1973 and in 1974, approximately 7,000 each. Of those, the taxable ones amounted to between 250 or 300. That's rough. Which means that something under 5 percent of the returns had taxable estates. And the department did a study, a random study of the taxable - that is where they had 250 to 300 taxable returns - they did a random study of the 1973 estates, they analyzed 120 of them picked at random, and of that 120 they found that only 30 of them had estates with surviving spouse and of that 30 only 14 of that randomly selected number, only 14 had estates with taxable surviving spouse. In 1974, out of the same approximately 7,000 returns filed, of which some 250 to 300 were taxable, they analyzed 75 returns picked at random, they found that of the 75 returns there were 22 estates with a surviving spouse, and of the 22 they found that there were 10 estates where the spouse was taxable. I think that's rather important to know.

The member spoke of a problem that he envisaged - which I thought might be a serious problem - of a young widow who is left an annuity, which over the long period of life expectancy would amount to a fairly substantial sum when it was calculated as a lump value, and suggested that there could be difficulty in paying the tax. Well I learned - and I think this is important - that a widow at aged 21 is factored at what they call 18, a factor of 18, which means that an estate at \$300,000, which will be the new amount . . . I'm sorry, at \$300,000 - would be \$50,000 over the amount that would be recognized - would be calculated as 18 times the income. The income then would be \$16,666 a year, which I think is a very substantial annuity, in order to value the estate of \$300,000. And just for the record, at my age, the factor is 10 times - and again, if it were, say, \$16,660 at age 58, then it means that the value would be considered to be \$166,000.

There has never, to the recollection of the department officials, been any problem in relation to the payment of the tax based on such an annuity, and there has not been a request for postponement. Indeed, in the first two, three years, there were only a few requests for installment payments over six years. In the last years there have been about half a dozen - and one should bear in mind that the rate at 9 percent on the deferred payments was a pretty good break at a time when the banks were paying 10 and 10-1/2 percent, and the trust companies even more, for the use of money. So that there has not been any indication through the history so far of any hardship that has been imposed, and I have to repeat that the exemption is so great that I don't see that there would ever be a hardship on people who are being taxed for estates on that basis.

Now let me conclude by saying, that the Member for Riel said there must have been real pressure on the department for the government to be bringing in this type of an amendment. I confirmed with the department that there was no real pressure at all for that. And I can therefore inform honourable members that it was the caucus and the government that came to the conclusion that recognizing inflation, simply inflation as it would apply on residences mainly and on private holdings, that recognizing that inflation, there should be this increase in exemption. I don't think the government claims that it was a dramatically exciting thing to do, but it seemed to be the right thing to do and that's why it's been proposed.

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MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, my remarks will be brief, and they deal with one aspect that the Honourable Member of St. Johns did not discuss. And that is whether, in the enlightened way in which the caucus have viewed the Succession and Gift Tax, in seeing to it that there is a rise, that they've not considered the real justice of considering the husband and wife as one economic unit, to allow the transfer during their lifetime and on death, with the tax consequences flowing after that. I think, if anything, the recognition of the husband and wife as an economic unit and the ability for the transfer to take place both during their lifetime and death, with the tax consequences to come after that, is something that in the context of - or in the perspective of Manitoba, both in terms of its agriculture community and its rural base, in terms of its small business sector and its substantial small business sector, is something that can and should be considered. Now it may be that on review of the kind of cases that the Honourable Member from St. Johns refers to, that you can statistically prove that this hasn't been a hardship on the basis of the Succession Duties that have been filed at this point. But in terms of the planning that must go on as husband and wife examine their affairs over the years, that with the possibilities or the potential at one point, and then the possibilities at another, dealing with the whole range of small businesses; that in the planning stage, this has to be an inhibiting factor with respect to a number of things that could happen and may happen here, that may just not take place simply because of the consequences of flow or the possibilities of other areas.

And I think the principle of the recognition is something that could be incorporated and could be considered without in any way altering or getting involved in the discussion of whether the provisions here are sufficient or not. And that's another issue. I think that the justice of that case is there, and that is an amendment that should be forthcoming; that is something that should be considered. That is something that would be, I think, progressive at this time in relation to the total tax picture, and not something that would be sort of inconsistent with the basic direction of the government - and would be, I think, in the context of - at least in the perspective, rather than context of Manitoba, would be a very important thing and a very productive thing for the kind of development that should be taking place in this province.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, without commenting on some of the aspects of this raised by the Honourable Member for St. Johns, but rather replying specifically to the points raised by the Honourable Leader of the Opposition, I would simply indicate that the substance of what he is raising is, I should think, premature by at least one year. I say that because there is currently under study and review by the Law Reform Commission the question of the law of property as it applies to women is under review as to law property, specifically as regards to the concept of 50 percent ownership as of right by either spouse in a marriage with respect to that property which has been accumulated or amassed during the period of marriage, as ascertainable under rules of evidence presumably in the normally understood sense. And if we are to proceed in that general direction, it would seem then to be consistent to think in terms just advocated by the Honourable Leader of the Opposition. However, to do that now would be in a sense to predetermine the whole question, because if it were to be done as he suggests, I'm wondering what point really would be left for review and study by the Law Reform Commission with respect to all legal ramifications. So that I am not so much resisting the concept or the argument, although certainly I do not want to be on record as being here and now in favour of it, but certainly I do regard it as being clearly something relating to the larger question. And therefore I must say in closing that, without prejudging the merits, it would seem to be perhaps a year premature.

MR. CHAIRMAN: The Honourable Member from St. Johns.

MR. CHERNIACK: I, too, was going to refer to the studies that are being made by the Law Reform Commission. As I recall it, they have distributed a draft paper on family relations, and I don't think it's their final recommendation. That's my impression. But, Mr. Chairman, what they are suggesting is a pretty, pretty revolutionary idea. Of course, it's not revolutionary compared, say, to California or other places where they have joint

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(MR. CHERNIACK cont'd) property - or, I suppose, if one wants to go back to the family arrangements of Quebec. But there is a proposal, which I predict, Mr. Chairman, if brought into this House, will create a tremendous furor, and probably mostly from the people who sit behind the Leader of the Opposition. Because I think that the rural elements will reject the thought that a man is not the master of his property. And I think that there will be tremendous resentment on a discussion that a wife shall share equally with her husband in the assets acquired after marriage. I predict that. I may be proven wrong. And I would say that . . . --(Interjection)-- But, you know, that may be their problem, not mine. But I predict there will be that kind of debate.

But I would say this, in direct response to the suggestion by the Leader of the Opposition, that, firstly, the statistics I've shown indicate that this has really not been a problem. That when a property passes after death to a spouse, it has attracted a tax in very few cases, which means that the Leader of the Opposition lives in a sort of a world of people whose estates and accumulated assets are of such a size that are completely out of line with the great great majority of the people of Manitoba. But I have to tell him further, that there has never been a problem in my own personal planning, nor that of the clients I had who were interested in doing that, to make sure that the spouse has an equal share in the accumulation of the assets and incomes of the family. We have never had a problem seeing to it that we should share equally in the savings that we have acquired. The problem is that many people don't want to do that. It's the wives who would like to do it but the husbands who will often refuse to do it. And I don't know if the Leader of the Opposition wants to talk about legislation to force that to happen. If he does, let's debate it. But if he's talking about inducement, he's back to the old game - let's induce them, let's pay them in order to do it. And, Mr. Chairman, in me he does not find an ally to be too worried about the estate planner who in his lifetime does not pass, as he can easily do, substantial assets to his spouse, but who after death wants to make sure that when it passes, it passes tax free. I see no need for that kind of saving or inducement at this stage.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well, Mr. Chairman, it may be that not many want to go home. And the debate itself is proving rather interesting, because as it develops and as both the Member from St. John and the First Minister develop, one finds really how far removed they are from this principle. And how really you know, how much skepticism they have with the principle that I've suggested. The problem, Mr. Chairman, you know, and how it's been twisted - the problem is, we existed under a tax system which allowed the husband and wife to be considered an economic unit for state purposes, and which allowed the transfer . . .

A MEMBER: Three years.

MR. SPIVAK: Yes. And in those three years a great deal took place as well.

MR. CHERNIACK: And how!

MR. SPIVAK: And how! And what really happened at that point? What really happened? You know, what took place, was the transfer of assets back and forth between husband and wife. To some people who were involved in that procedure and who may therefore now be put in a position that it's rigid now in Manitoba, but not rigid elsewhere, that's a problem. That doesn't bother the Honourable Member for St. John. But, you see, realistically on the statistical data that he has, the thing he doesn't have, is how people are planning what they're going to do, how many people are involved, what money is involved, what is taking place. I wonder whether the Department of Finance has talked to many law firms to determine how many corporations are taking place in Alberta right now. How many people have in fact moved out of the province? How many people --(Interjection)-- well, I don't know. How many? Do you have information on that? Are you in a position to make any judgment? The fact is, you don't care. So your argument is, you don't care, because if anybody wants to do it, let them do it.

But the reality does have some impact here, and the question comes back to something more fundamental. Aside from the question of the property rights with respect to - or the married property rights, which is an issue in itself - aside from that - with respect to both Succession and Gift Tax, if the husband and wife are of one economic unit, in relation to

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(MR. SPIVAK cont'd) their ability to be able to transfer as they themselves decide, which is their own decision to make, independent of whatever protection is provided by the state or whatever portion or whatever position the state imposes on them with respect to the marital responsibilities, that's another thing. The ability for them to be able to transfer . . . is very much a part of the estate planning, and it would be foolish to suggest that it isn't - it is. And without in any way trying to take away, but to try and at least provide in this province the kind of climate in which there are opportunities for growth - and there are opportunities to be able to plan, and not to put people in a position where there is in fact an inducement to look elsewhere. And I say in jest to the Honourable Member for St. Johns, that in all the statistical data which deals with the current situation of people who have passed away, many of whom I would assume would be classed as older people - in the 7,000 Succession Duty statements that have been filed, who were older and whose actuarial - who would have been in a position where their death was expected - that there are a whole range of people at different economic levels who, in the considerations that are being undertaken, are in fact reviewing their situation and looking at other jurisdictions. And to suggest that this isn't happening would be being very ostrich-like in relation to what is happening in this province. I don't think you have any statistical data. And it comes back to something --(Interjection)-- Well, no, the only data that I have is what I hear from the legal profession, and I must say - and I'm sure that he's been exposed to that, and I'm sure the Attorney-General has been exposed to that - that this seems to be a very prevalent thing, and it would be wrong to suggest that it isn't. That people are properly, from their point of view, arranging or planning - and there are many things that are happening, and many things that are happening outside the jurisdiction. And without getting involved in the question of how high you raise the minimum level that would be provided, they think the ability to be able to bring the husband and wife into one economic unit, would be probably the most important factor in the long run for curtailing what has been developing and what is continuing to develop - and what is, I believe, a statistical fact. Although I admit I am talking from impression, but at the same time I say to the members opposite, you haven't got statistical data; you do have it in the other case, but you don't have it in this.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, I'm wondering what line of reasoning is prompting that Honourable Leader of the Opposition to try to argue that for purposes of taxation, husband and wife are one economic unit, but for other purposes of the law of property, they are not. It seems to me that there's a larger issue to be decided and dealt with here, in which case taxation treatment can at least proceed on the basis of some principle that is a little more universal than a makeshift pretence - or pretext rather - for according certain special definition for tax purposes only. And we are no more skeptical about the larger issue than my honourable friend. I repeat, that if there is to be a change in that regard, let it be on a more comprehensive basis of principle than something that is gimmicked up for purposes of taxation. How much better it would be to deal with it in its larger implications.

Insofar as the accusation about not having the full statistical data upon which to argue the matter - and since the Leader of the Opposition has drawn in the question of Alberta - I would like to ask him what is any more ostrich-like today, to argue it on his grounds, than let us, say, in 1969, 1968 or 1967. Given the facts, if taxation looms so large in the decision making of individuals and corporations, then it would seem to me that in 1967, when this province imposed a sales tax and Alberta did not, that in 1968 when this province continued to use its full collection of Succession Duties and Alberta started rebating its share in total to individual estates or trustees of estates, well why then was it not an issue in 1968? If my honourable friend is uneasy today, why wasn't he then? And if he is not impressed with the reasoning which motivates us to continue with this arrangement, then I suggest that he read a speech of the then Minister of Finance making the case for the Province of Manitoba under the then administration, to continue with the collection and utilization of the Succession Duties Tax.

MR. CHAIRMAN: Page 13-passed; Page 14-passed. The Honourable First Minister.

MR. SCHREYER: On 15.

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MR. CHAIRMAN: Page 15. The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, this amendment is merely consequential on the amendment that was passed earlier this evening. It is that I move, seconded by the Honourable the Attorney-General, that Section 48 of Bill 40 be amended by adding thereto immediately after the word 'but' in the second line, the words and figures 'Section 23' is retroactive and shall be deemed to have been in force on, from and after January 1, 1975.

MR. CHAIRMAN: Item 48 as amended - passed; Preamble - passed; Title - passed. Shall the Bill be reported? (Agreed)

The Honourable Member for St. Vital, will you take the Chair please?

MR. CHAIRMAN (Mr. Walding): Committee rise. Call in the Speaker. Mr. Speaker, your Committee of the Whole has considered Bill 40 and recommends it to the House with certain amendments.

IN SESSION

MR. DEPUTY SPEAKER: The Honourable Member for St. Vital.

MR. WALDING: Mr. Speaker, I beg to move, seconded by the Honourable Member for Gimli, that the Report of the Committee be received.

MOTION presented and carried.

THIRD READING - BILL NO. 40

MR. DEPUTY SPEAKER: The Honourable House Leader.

HON. SIDNEY GREEN, Q.C. presented Bill No. 40 for third reading.

MOTION presented.

MR. DEPUTY SPEAKER: The Honourable Leader of the Opposition.

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

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move, seconded by the Leader of the Opposition, that the House do now adjourn.

MOTION presented and carried and the House was accordingly adjourned until 10 a. m. Tuesday morning.