

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

10:00 o'clock, Friday, March 21, 1975

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 33 students of Grade 9 standing of the St. Norbert School. These students are under the direction of Mr. Lemoing. This school is located in the constituency of the Honourable Member for Fort Garry.

We also have 21 students of Grade 11 standing of the Louis Riel School. These students are under the direction of Miss Bohemier. This school is located in the constituency of the Honourable Member for St. Boniface, the Minister of Health and Social Services.

And we have 70 students of Grade 11 standing of the Miles Macdonnell School. These students are under the direction of Mrs. Lowden. This school is located in my own constituency of Kildonan.

On behalf of all the honourable members I welcome you here this morning.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; The Honourable Minister of Mines.

TABLING OF REPORTS

HON. SIDNEY GREEN, Q. C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I've just been handed a flood forecasting report and I'll read it so members will be hearing it almost at the same time as I know its contents which were just given out.

The Flood Forecasting Committee held its second meeting of the year on March 20, 1975. The Committee met to review the situation concerning flood prospects on the Red and Assiniboine Rivers. The Committee reports that favourable weather conditions have prevailed in both Red and Assiniboine River basins since the last meeting. Precipitation has been below normal and mild sunny weather has caused a considerable depletion of the snowpack particularly in North Dakota and Southern Saskatchewan. With normal precipitation from now and throughout the snow melt period flooding is not anticipated along the Red or the Assiniboine River this spring. The Committee emphasizes the fact that weather conditions from now on will be highly significant and could give rise to somewhat higher peak stages in the event of subsequent adverse meteorological conditions. The situation on both rivers will be under constant surveillance by the Committee up to and throughout the breakup period. Should unusual conditions develop causing a marked change in the above forecast further reports will be issued.

The following information was available to the Committee for its appraisal of the spring runoff situation. A snow survey conducted by Water Resources Branch during the period March 10 to 13, 1975, in the basins of the Red and Assiniboine Rivers in Manitoba and Saskatchewan; a soil moisture survey conducted by the same branch at freezeup in the fall of '74; records of fall and early winter flows on both rivers as recorded by the Water Survey of Canada, climatological data on summer, fall and winter precipitation obtained by the Atmospheric Environmental Service of Canada at stations in the Red and Assiniboine Rivers in Manitoba and Saskatchewan; information from various co-operating agencies in the United States concerning conditions in the Red River basin in North Dakota and Minnesota.

Then a Water Resources Branch item headed "News Release": Due to the relatively dry fall soil moisture levels are below normal in most parts of Manitoba. In addition, snow accumulations are below normal in almost all areas. As a result spring runoff is generally expected to be below normal. Scattered shallow overflows on minor streams could however result and could be aggravated by ice action. If well above normal spring precipitation occurs flooding could be expected in the following areas: Winnipeg River, Whiteshell Provincial Park, Whitemouth River, Brokenhead River, Fisher River, Virden, Elkhorn and Reston area, Turtle Mountain area and LaSalle River. It is emphasized that no major flooding is anticipated in the above named areas unless precipitation from now throughout April is well above normal. Weather and runoff conditions will be kept under constant surveillance throughout the spring runoff period.

TABLING OF REPORTS

(MR. GREEN cont'd)

Further reports will be issued by the Water Resources Branch should conditions change significantly.

And then an outlook with regard to the Winnipeg River and Whiteshell Provincial Park. The situation covering the spring runoff potential in the Winnipeg River Watershed and the Whiteshell Provincial Park have been reviewed. Soil moisture levels at freeze-up and snow accumulations to date are both slightly above normal and thus a moderate spring runoff is anticipated. With normal spring precipitation stages on the Winnipeg River and on lakes in the Whiteshell Provincial Park should be similar to those experienced in '71 and '72 - not last year, '71 and '72. Stages in '71 and '72 were considerably lower than those experienced in 1974. For example, peak stages on the Winnipeg River were some 4 feet lower than in '74. Should spring precipitation be as severe as that of '74 stages on the Winnipeg River and on lakes in the Whiteshell Provincial Park would still be somewhat lower than those experienced in 1974. For example, peak stages on the Winnipeg would probably be about 2 feet lower than those experienced in 1974.

Now, Mr. Speaker, I say that good news in this area is really almost of no value and should be regarded with a degree of caution because the only thing that could happen is it could be worse; and weather conditions could indeed make it worse. I hasten to point out that I make this announcement not because it's intended to try to make people optimistic. We are required to make flood forecasting announcements. I sometimes believe that some that announce that there is no problems are not the best kind of announcements to make, but that's what the Flood Forecasting Committee objectively looks to the situation at present and therefore that is the announcement that is being made.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? Notices of Motion; Introduction of Bills: The Honourable Minister of Mines.

INTRODUCTION OF BILLS

MR. GREEN introduced Bill No. 17 an Act to Amend the Development Corporation Act. (Recommended by the Honourable The Administrator of the Province of Manitoba)

ORAL QUESTIONS

MR. SPEAKER: Questions. The Honourable Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Thank you, Mr. Speaker. My question is to the Honourable Minister of Education, Colleges and the University Affairs. Based on the Minister's breathless appearance when he first came into the Chamber could members draw the . . .

MR. SPEAKER: Order please. I wonder if we could cut down on the opinions and the prefacing and get to the question. I think I suggested the other day that I wasn't going to recognize members if they were going to make a speech. The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I'll rephrase the . . .

MR. SPEAKER: Thank you.

MR. SHERMAN: Has the Minister just dashed into the House from the strike scene at the University of Manitoba?

MR. SPEAKER: Orders of the Day. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the First Minister, and really I guess as Minister of Finance. I wonder if he can indicate whether the Provincial Auditor has given the Government a recommendation for the capitalization to be used for the moneys loaned to the CFI complex?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, I think it would be correct to say that we have received some recommendations from the Royal Commission in that regard, and those bearing on capitalization have been discussed with the senior officials of finance, and I believe with the Provincial Auditor's office, and accordingly we will be bringing forward certain measures later this session. But it would not be correct to say that the recommendation flows directly from the Provincial Auditor's office. He's been advised and . . .

MR. SPEAKER: The Honourable Leader of the Opposition.

## ORAL QUESTIONS

MR. SPIVAK: Well again to the First Minister. Has the Provincial Auditor presented the Government with a recommendation?

MR. SCHREYER: Mr. Speaker, I will try and be a little more precise. There are certain recommendations bearing on the matter of capitalization structure, the capitalization of CFI or Man-Corps as it's now called. Those recommendations have been taken up in the usual way in which decision-making takes place, with appropriate senior officials of the Department of Finance, of Man-Corps and the Provincial Auditor is aware of the recommendations and is aware of some of the considerations involved. However, it would not be correct to say that recommendations on capitalization have been forwarded by the Provincial Auditor or that we are intending to follow capitalization structure as a result of any recommendations by the Provincial Auditor, but he has certainly been made aware, he is aware, of the various considerations under scrutiny.

MR. SPIVAK: Yes. To the First Minister then. Does he consider that the method of capitalization and the amount is a political decision or a decision to be made by the Auditor?

MR. SCHREYER: Well, Mr. Speaker, that is not exactly simply black and white. Decision-making with respect to capitalization of any firm is subject to certain constraints in law and in conventional corporate financing practice, but beyond that, sir, in the ultimate sense has also to be decided on the basis of judgment. There is no other way to reply to that question.

MR. SPIVAK: Yes. I wonder if the First Minister would be prepared to table the Provincial Auditor's recommendation to the government.

MR. SCHREYER: I'm sorry, Mr. Speaker. I didn't hear the question.

MR. SPIVAK: I wonder if the First Minister would be prepared to table in this House the Provincial Auditor's recommendation to the government.

MR. SCHREYER: No problem, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, a question to the Minister of Mines and Natural Resources. While welcoming the news on the flood forecast in other parts of the province, does the Minister have any up-to-date report on expected lake levels on Lake Winnipeg and what weather conditions might be expected on the lake this spring and summer?

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I gave my honourable friend some verbal information. I also promised him that I would get a more definitive statement from the Lake Winnipeg Management Board. I have not yet received it, or if I've received it, I've not yet read it.

MR. AXWORTHY: A supplementary then to the Minister. Can the Minister indicate whether there has been any, again, direction or instruction for the use of controls on the Lake Winnipeg dam regulation system in order to affect the Lake levels as yet?

MR. GREEN: With the present level of the lake, Mr. Speaker, it would be against the licence to use the control structures to hold back water if it's over 715. If the channels are improved and completed by the spring and the fall as I am led to believe, then those would affect the water level by reducing it, and I would hope that that will be the case.

MR. SPEAKER: The First Minister.

MR. SCHREYER: Mr. Speaker, the other day the Honourable Member for Lakeside asked a question with respect to dredging, as to whether there were any difficulties with respect to dredging locally in Manitoba that might carry the same taint, as it were, as with dredging problems in and around Hamilton and St. Lawrence River, etc. And I can indicate to him, as I tentatively indicated when he asked at the time, that I have received no information whatsoever that would even breathe or suggest in the slightest way that there's any connection whatsoever between dredging on Kiskittogisu and dredging at Hamilton and the St. Lawrence River.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, Just a further supplementary question to the response made by the First Minister. I may not have my information absolutely correctly, but can he confirm that one of the major contract involved in the dredging in the Lake Winnipeg regulation program is indeed mentioned and being indicted by

## ORAL QUESTIONS

(MR. ENNS cont'd) . . . . the federal authorities in the eastern part of this country?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I can't pretend that I am abreast of all details pertaining to this, but this is the first I hear of it. Makes me want to check it out very quickly today.

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT: Mr. Speaker, I address a question again to the Minister of Agriculture, and I refer to last night's editorial in the Free Press . . .

MR. SPEAKER: Order please. I'm sure the honourable member is aware that we do not bring newspaper items and then ask questions on them. Would the honourable member rephrase his question.

MR. WATT: It is now apparent, Mr. Speaker, and I ask the question of the Minister of Agriculture and the Minister of Labour, if we have lost our markets, because of the tie-up in the shipment of grain out of the port of Vancouver, which now they must know directly affects the Province of Manitoba?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, I would have thought that after serving many many years in this Legislature that my honourable friend would know that he's talking about a problem that relates directly to another jurisdiction.

MR. WATT: A supplementary question. I want to ask the Minister of Agriculture then if he is not interested, if he's showing no interest, and apparently not, in the farmers of Manitoba, that there has been no voice from the Province of Manitoba in respect to this tie-up of Vancouver?

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I direct a question to the Minister of Education. Could he indicate whether the problems in relation to the Teachers Retirement Allowance Fund referred to by the Provincial Auditor have been sorted out and that the position of the Fund is now known in terms of its actuarial position?

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education) (Burrows): Mr. Speaker, I'll take the honourable member's question under advisement.

MR. CRAIK; Mr. Speaker, I direct another question to the Minister of Education. Could he advise whether or not the Auditor's comments in relation to the Retirement Fund at the University of Manitoba has been sorted out to the extent that the Auditor referred that the liability of the University of Manitoba and the position . . .

MR. SPEAKER: Order please. I wonder if that question couldn't be properly answered under some other heading than the Question Period.

MR. CRAIK: Well, Mr. Speaker, he may wish to take this as notice as well. I'm trying to give him enough background to do it. Could he advise whether the position referred to in the last annual report as being "unknown" by the Auditor can now be confirmed to be known.

MR. HANUSCHAK: Mr. Speaker, when in the course of auditing the accounts of any of the universities of the Province of Manitoba or of any public body, if there are any recommendations made by the Auditor, then the requests of the Auditor are complied with. And I am sure that that has happened in this case. To what extent any rectification or correction has been made, I cannot tell the honourable member at this time, but I will certainly take it under advisement and report back to him at a later time.

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I direct my question to the Attorney-General. Could the Attorney-General give a brief explanation as to how Bingo licences are granted to service clubs and the like?

MR. SPEAKER: Order please. That question would be more proper under the Estimates.

MR. G. JOHNSTON: Mr. Speaker, perhaps the Minister would like notice on this question. Could he tell us why the Transcona Elks lost their Bingo licence?

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

## ORAL QUESTIONS

MR. GEORGE MINAKER (St. James): Mr. Speaker, my question is to the Minister responsible for MDC. I wonder if the Minister could advise the House if the prototype ST27B Saunders Aircraft that was test flown last September, whether it has now received the FAA certification.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I imagine that that would be a matter of unilateral, voluntary and enthusiastic announcement by myself if it was done.

MR. MINAKER: Mr. Speaker, a supplementary question. I wonder if the Honourable Minister, the same Minister, can confirm that the prototype airplane that was test flown will not receive FAA certification and that Saunders is now building a complete new model to try and get certification from a new constructive model.

MR. GREEN: Mr. Speaker, a representative from the Federal Government was in my office on Monday and told me that the program that the Saunders Aircraft is undertaking in the normal circumstances will lead to the certification of that aircraft, and that is leading to it in the normal amount of time; and proceeded to relate to me stories of other aircraft being constructed at Federal Government expense, that are having the same, or to a degree greater or lesser difficulties in certification being achieved.

What he did advise me and which I asked him because of a suggestion that I heard, that the Member of St. James said that this plane will never be certified, which, Mr. Speaker, if the Member for St. James will do me a service and show me where that information is obtained, and if it is correct we will immediately cut off funds to Saunders Aircraft - assured me that that is not the case; that the plane that is being presented for certification is proceeding along normal lines to obtain a certificate.

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

MR. MINAKER: A supplementary question to the same Minister. I wonder if the minister would then confirm that the prototype airplane that is now constructed and test flown, that that particular airplane will get the certification of FAA, and not a new airplane that is being constructed of the same model.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, my understanding is that the prototype is the one that is presented for the certification program, that the certificate is granted, and then you start building planes in accordance with that certificate.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, my question is to the Honourable the Minister of Education, Colleges and Universities. Will the Minister be visiting the University of Manitoba campus today to examine at firsthand the consequences of the strike that is now in effect there?

MR. SPEAKER: Orders of the Day. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the Minister of Public Works. I wonder if the Minister can . . .

MR. SPEAKER: Order please.

MR. SPIVAK: I wonder if the Minister can tell this House the exact rental per acre charge being levied by his department for land at the Gimli Industrial Park.

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL DOERN (Minister of Public Works) (Elmwood): Mr. Speaker, I'd have to take that question as notice.

MR. SPIVAK: Yes, I wonder if the Minister could also determine whether the price that is being charged for renting the space is in fact a deterrent for companies to locate in the industrial park.

MR. DOERN: I'm certain that that is not the case, Mr. Speaker.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Speaker. I direct my question to the Minister in charge of the Manitoba Development Corporation. Would the Minister confirm that the airplane that Saunders wants certified the prototype airplane is in fact a ~~stretch~~ **stretch** ~~Henon~~.

MR. SPEAKER: The Honourable Minister of Mines.

## ORAL QUESTIONS

MR. GREEN: Mr. Speaker, I understand that the plane that is being produced is not built from scratch, one would say. That it is built for the purpose of obtaining a certificate for a certain class of aircraft. When that certificate is obtained then aircraft must be built off the line to conform with the certificate. The prototype will then be a plane available to sell. And whether the certificate will apply to the prototype or not I am unable to say, but it is an irrelevance. The prototype is the plane that is used to obtain certification of a particular class of aircraft.

MR. SPEAKER: Order of the Day. The Honourable Attorney-General.

TABLING OF REPORTS

HON. HOWARD PAWLEY (Attorney-General) (Selkirk): Mr. Speaker, I would like to table in the House the 1974 Proceedings of the 56th Annual Meeting of the Uniform Law Conference of Canada.

MR. SPEAKER: Orders of the Day. The Honourable House Leader.

ORDERS OF THE DAY - BILL NO. 7 - INTERIM SUPPLY

MR. GREEN: Mr. Speaker, I'd like to call Bill No. 7.

MR. SPEAKER: Thank you. The Honourable Member for Portage la Prairie, has 25 minutes.

MR. G. JOHNSTON: Mr. Speaker, when I was addressing the House last evening I was trying to make the point that after the government has had the CFI report in its hands for some months there is a deafening silence as far as government action goes in this regard.

We read in the report that \$25 million were sent directly from MDC to Switzerland in the last few months before the change in government. We read just recently in the newspapers in the last week that the American Securities Exchange Commission has laid fraud charges against the Kasser group in the order of \$46 million . . .

MR. CRAIK: Mr. Speaker, I raise a point of privilege . . .

MR. SPEAKER: Order please. The Honourable Member for Riel state his matter of privilege.

MR. CRAIK: I believe the Member for Portage la Prairie said that there was \$25 million transferred to Switzerland in the last month or two, about the time of the change of the government. If I'm wrong he can correct me.

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

MR. G. JOHNSTON: I accept that correction. I believe it was just after the change in government, February of '70. I didn't make my notes properly when I read the report.

MR. SPEAKER: The Honourable First Minister on a matter of privilege.

MR. SCHREYER: I think that the Honourable the Member for Portage la Prairie would probably be more accurate to stay with the initial version. \$25 million dollars is very close, it's very close to the amount that was in fact paid out and committed to be paid out, prior to any change in government.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: A point of privilege again. That the record indicates that there was \$14 million invested in the project at the time of the government change.

MR. SPEAKER: The Honourable Minister . . .

MR. SCHREYER: . . . allowed to stand on the record. \$14 million may have been paid out. There were commitments far beyond that of a legal nature which would have had ramifications for damage suits if they had not been paid out.

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

MR. G. JOHNSTON: Mr. Speaker, I'm very glad to have the Premier reaffirm my original statement. I believe that the \$25 million was shipped directly from Manitoba to Switzerland at about just before the election - or just after the election, pardon me.

--(Interjection)--

MR. SPEAKER: Order please. If we're going to have differences of opinion I would hope the honourable members would take their turn and debate the issues and not keep interrupting. The honourable member state his matter of privilege.

## BILL NO. 7 - INTERIM SUPPLY

MR. CRAIK: I arise on privilege again. If these misstatements are going to be made I think they should be verified by quotation from some source of authority.

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

MR. G. JOHNSTON: Mr. Speaker, after I'm through speaking I will get the quotations and one of the other members who haven't spoken perhaps can use them.

But I return to the question of government action now that they've had the report for some months. It's well known across Canada and in financial circles in the United States that the MDC and the taxpayers of the province were ripped off for one of the largest sums of money ever in the history of Canada. --(Interjection)-- In the millions, in the millions. Overcharging of fees - I believe the term used in the CFI report was a scheme of self-enrichment by Kasser and his associates. The amount of money that has been overpaid or taken illegally is enough for the Province of Manitoba to do without sales tax for a year. --(Interjection)-- Well, then, half a year, a half a year. But when the sales tax was first put on it would bring in \$50 million.

A MEMBER: That's right.

MR. G. JOHNSTON: When the sales tax was first put on it would bring in \$50 million. Through mismanagement enough money was wasted that a half a year of sales tax could be done without. So I'm asking the government to tell us what they are going to do, what are they going to do.

For example, we read a few weeks ago that the firm Arthur D. Little has landed a huge contract with the Federal Government. Here's the Government of Manitoba seeking to take them to court for recovery of funds. Has this government had consultation with Ottawa to tell them who they're dealing with? --(Interjection)-- That's fine. Why aren't we told this?

MR. SPEAKER: The Honourable Member . . .

MR. GREEN: . . . the honourable member agree that if Arthur D. Little is getting work it will be easier for them to pay the judgment which is . . .

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

MR. G. JOHNSTON: Well, Mr. Speaker, my honourable friend that sits to my right, the Member for Souris-Killarney has often said to me when he's observed the Minister of Mines in debate, and he said if I ever get in trouble with my wife and need a lawyer I'm certainly going to hire the Minister of Mines . . .

MR. McKELLAR: That's right, I said that.

MR. G. JOHNSTON: . . . because he can take any case and make black white or vice versa. Now he's suggesting by the question that he hopes that Arthur D. Little will rip-off the Federal Government so that they can pay the Manitoba Government.

MR. SPEAKER: Order please. I would hope, although we may have some . . .

A MEMBER: He should defend his own wife.

MR. SPEAKER: . . . jocularly here that a member would not impute something to another member that he did not say. The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, on a point of privilege. With regard to Arthur D. Little, and you know with regard to anybody else, the fact that they handled one job badly doesn't mean that their competence could not be judged for another job. And I assume that the Federal Government has judged them on the basis of what they think they will do in the future. I make my other remarks rather lightly, but it is true that if they continue to be in business and earn money then it will not hurt the Manitoba judgment, and the Federal Government is the one who has to judge as to whether they are competent to do their job.

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

MR. G. JOHNSTON: Thank you, Mr. Speaker, and I'm sorry if I excited the Minister of Mines so early in the day. Usually he takes till evening before he becomes aroused.

But seriously, Mr. Speaker, I am saying that the government has a duty - has a duty to tell this House what steps they are taking to recover the moneys. It's reported in the newspapers that Kasser is in Switzerland. Surely Switzerland or West Germany is not that large a country that a person cannot be found. With the sophisticated police systems and co-operation between countries today, there's no problem in tracking down people who are wanted for a criminal trial or an action against them.

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(MR. G. JOHNSTON cont'd)

So I'm saying to the government that some time during this session they have an obligation to tell us what they are doing to recover moneys, what they are doing to prosecute people either in a civil action or a criminal action for the damage that they have caused to the Province of Manitoba.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I wanted to make a few comments on this debate, and they're primarily in relation to the debate that took place last night, or the remarks that were made last night in the House on this same bill.

Mr. Speaker, the Member for St. Johns at that time made a number of comments that I think that can't go unanswered, or at least can't go without return comment. I couldn't help but wonder when he posed the question to his deskmate in relation to the location of one of the constituencies when he said, "Where is Birtle-Russell? Is that in Manitoba?", Mr. Speaker, I couldn't help but say in relation to his comments about Winnipeg that there are an awful lot of people in St. Vital who wish they were still in St. Vital and not in Unicity Winnipeg. And they're becoming more concerned as the tax bills go up.

Mr. Speaker, if we go back into very recent history when the Member for St. Johns and the Member for Inkster, the Minister of Mines and Natural Resources became for a period of time the two principle salesmen for selling Unicity to the many areas of Winnipeg, the suburbs, the Inner City and all the rest, those of us who went with the hundreds of others to attend the meeting in their own local area found that one of the principle props that was used for the sale of Unicity was a fairly straightforward and simple diagram laid out by the staff of the Member for St. Johns, who was at that time the Provincial Treasurer, which showed, Mr. Speaker, that if things happened the way they should happen the people could expect that the cost of operation of their city would reduce in such and such a fashion. Now, Mr. Speaker, he was very careful, very careful not to say that the cost would go down, but he says this is what could happen, Mr. Speaker. Now since that happened to be the only visual aid that was used, Mr. Speaker, there was very little alternative but for the good people to be taken in by this sort of an illusion to the fact that the costs of operation were going to go down.

MR. SPEAKER: The Honourable Member for St. Johns have a matter of privilege?

HON. SAUL CHERNIACK, Q.C. (St. Johns): Yes, Mr. Speaker, I am being misquoted by the Honourable Member for Riel. What I stated at all meetings was that based on the budgets of the previous years and taking into account the equalization of tax base that would come about as a result of Unicity, the charts which I produced would show actually the amounts that would be payable toward the previous years taxation.

MR. CRAIK: Mr. Speaker, that's not that far off what I said. The people were given a chart on the wall and said with the equalization payments that your city is going to receive, based on last years cost. Mr. Speaker, this is what it looks like. And the only thing the people saw when they went to those meetings was exactly what they were intended to come away with; that if we don't support this idea then we can expect if the Minister, if what he's telling us is representative of what is likely to happen, and he didn't say it would happen, that was the only visual aid he used.

MR. SPEAKER: The Honourable Member for St. Johns state his matter of privilege again.

MR. CHERNIACK: Matter of privilege, Mr. Speaker. I never indicated that this is what would happen or could happen. I stated that this is what would have happened in the previous year based on the budget and an equalization tax base. Let the Member for Riel, who wants to be honest in his presentation, remember and not distort what I said by saying this could have happened or this would happen or might happen in the future. It was based on what would have happened in the previous year.

MR. CRAIK: Mr. Speaker, what is most important is what the Minister did not tell the people at that meeting that is crucial at this time. I think the Minister was so determined, he and the Minister of Mines and Natural Resources as they went about this city in presenting their case, using that sort of a presentation where the people had to draw their own conclusions, that when one other person went about this city, the one person who had some long and experienced background in urban administration, Mr. Elswood Bole,



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(MR. CRAIK cont'd) . . . . individually, as an individual went around and said, "If you go for Unicity government this is what likely will happen". And he had a set of graphs. His set of graphs showed an exponential growth in the cost of urban government. And everybody said to Mr. Bole, Mr. Bole we've been to meetings and we see no recognition on the part of the government that this is likely what will happen. Mr. Bole you're from another era, this new government is going to solve our problems. They have told us that this is a good thing, they're going to stand behind it and we can expect even from what was told at those meetings that your cost predictions are not going to be accurate.

Well, Mr. Speaker, just a few years hence we now find that those predictions done by Mr. Bole were actually on the short side. The costs have risen more rapidly than even he predicted and even the most anti-Unicity person at the time that it was put through may have, I think, privately thought that Mr. Bole's figures may well be overestimating the cost. They agreed that the cost would go up by the laws of Parkinson and the laws of everything else that go along with large bureaucracy. Mr. Speaker, his cost predictions even were low compared to what's happened in Unicity since then.

Well, now Mr. Speaker, we find that the Member for St. Johns, in character with what he has done before in this House, is now saying, "Don't blame us. It's those people on that Council, it's those ICEC people, it's those fellows that have blown this on you." Well, Mr. Speaker, he knows and everybody else knows that even if he and the Member for Inkster were over there in complete power of that, with no council, running the whole show, the costs would probably be even worse than they are now. It's just the nature of the beast. And they did not tell the people what was going to happen. I suspect that if they had any judgment based on their experience at Metro and their other civic involvements they must have known what was going to happen to costs. It has nothing to do with the Council that is there, is just a plain and simple rule of bureaucracy that happens when you put together large groups and lose control of the administration. So, Mr. Speaker, let's not blame it on the politics of the people who presently are saddled with the job, the unhappy job, of trying to sort out some logic out of the mess that was created by shoving all these different jurisdictions together under Unicity.

Mr. Speaker, one of the prime arguments that was used to bring in Unicity was the argument that it was going to increase participatory democracy. It was going to improve that. And they cited case after case of old Metro elections, I think they were probably by-elections, where the turnout was so bad it was way down in a ridiculously low level - I can't remember what it was, 20 percent - and this was just a complete revulsion of what should take place in the democratic process. So they would go to these big elections, bit city, and people would get out and people would vote and they would set up these advisory committees to get this other input from people.

Well what did we get in the last turnout in the Unicity elections. Was the participation any better, Mr. Speaker? I can tell you what we lost, Mr. Speaker. We lost good government in our area, we lost participatory democracy, we had an area before that was represented by people on a small council where I don't think anybody ever worried what their politics was before they voted for those people, because under the system they knew who was a good man or a good woman and who wasn't, and they voted on a person basis. And when they wanted to get action in their community they knew that if they went down to a council meeting that when a decision was made by the council that they had the fiscal authority and the binding authority to see that action was taken. Well now what we have under the system is fuzzy lines of authority, very limited fiscal powers to make decisions in a local community, a frustrated advisory system that has been set up that in theory was fine but in practice has led to the almost universal frustration of these advisory groups. A split jurisdiction between local and downtown where the problems invariably if they're difficult get referred to the larger setup and get lost in the maze and the network of the bureaucracy, a system whereby a simple thing as a person wishing to get a permit to build a house on his own lot is caught in weeks and months of red tape in order to get the action.

Mr. Speaker, we've lost participatory democracy, we've lost it to an extent that I suppose the Member for St. Johns and the Member for Inkster who may always never enjoyed the sort of luxury of democracy that the people in the suburbs did, perhaps never

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(MR. CRAIK cont d). . . . realized the level of democracy that was already there, perhaps they didn't lose it, perhaps the Inner City did not lose it, but as far as the suburbs are concerned and areas like my own, you won't find very much support, Mr. Speaker. I think that the Member for St. Johns and the Member for Inkster should come back and hold another mass meeting, bring back their same old charts, tell the people what they told them then and perhaps somebody in the audience would remind them what they didn't say, Mr. Speaker: That the costs were going to double, that in 1975 that the mill rate on Unicity, without new negotiations, without any salary settlements, other than the police, now having been done, with the firemen, all the other groups still having to settle, that even without those increases the cost is going to go up 15 mills and the education mill rate is going to go up 10 mills, for a total of 25. Add to that the new settlements and, Mr. Speaker, you have an unprecedented growth in mill rate, a staggering one.

And the First Minister goes on the radio this morning on the Hotline program and says he doesn't want the city crying on his doorstep for additional support, that they're on their own, that they shouldn't come begging to the Provincial Government for further support. All of this foisted on the people of this city by this government and then when they get in a tough spot they try and blame it on the people that were elected to that council. Well it's not going to wash, Mr. Speaker, but it is in character completely and particularly in character with the antics of the Member from St. Johns on this and many other occasions in his career in this House.

It was of great interest to find him to refer last night to property tax as being a growth tax. Well, Mr. Speaker, that's probably the most honest statement of position that has been made by this government in quite some time. There have been rumours, speculations, public comment on the possibility of going to a very drastic revision of the assessment system, Mr. Speaker, and those that are opposed to it have raised the argument that this is probably very little more than another means eventually to get more money from property taxpayers.

Mr. Speaker, if we can add to that the comments of the Member from St. Johns last night where he now refers to property tax as a growth tax, we can now expect the people of the City of Winnipeg, and those all over Manitoba, I suppose, as far as that goes, to expect that the future revenue requirements for their municipal governments and their school boards are going to have to come from that new growth tax called property tax. We've now seen a complete turnaround from the initial stated intentions of the government to relieve the burden on the property taxpayer. And we now have a complete reversal of that where it's referred to as now a growth tax.

Mr. Speaker, it's bad enough to refer to Winnipeg Hydro as being a source of growth tax for the City of Winnipeg, but it's far worse, it's the ultimate as far as bad taxation is concerned to categorize property tax as a growth tax. This shows probably the desperate position that the government is in from the point of view of finance. But however they cut it, Mr. Speaker, let them simply remember that the people of Winnipeg were seriously misled by the Minister of the Treasury at that time and the Minister of Mines and Natural Resources as they went about this city and sold the people of Winnipeg a bill of goods on bringing in Unicity and the benefits from it we are now seeing reaped in these massive tax increases that we're faced with, last year, this year and as far as we can see with the categorization of property as a growth tax area, next year as well.

MR. SPEAKER: The Honourable Minister of Urban Affairs.

HON. SAUL A. MILLER (Minister for Urban Affairs) (Seven Oaks): Mr. Speaker, the Member for Riel has prompted me to rise to my feet, as I have sat here for 15 minutes and listened to a lot of drivel.

Mr. Speaker, he says the City of Winnipeg is faced with a massive tax increase, because of Unicity. Mr. Speaker, the cities of Winnipeg from coast to coast, from Newfoundland to B.C. are faced with massive increases in realty taxes, whether they have a Unicity, whether they have a metro plan, whether they have a regional form of government or whether they have simply a lot of suburbs and a central city, the same is applying right from coast to coast. And if he doesn't know that he'd better look into it and find out.

What is being faced is a phenomena of inflation which is effecting everybody and it's nothing to do with Unicity. He refers to the fact that some people made statements, or promised or indicated that somehow with Unicity there would be a lesser cost. No one has

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(MR. MILLER cont'd) . . . . ever said that. I sat on the platform with Mr. Bole, he made his predictions and I said, "You know he is right". Of course there's going to be an increase in costs. I have never ever in introducing a program or defending a program or giving you any program whether it be in the field of health, education or municipal affairs, have ever said there will be a drop in cost. Anyone who says that either doesn't know what he's talking about or he's being naive or he's trying to mislead, and I know that my colleagues did not mislead. I know I certainly didn't. Of course there was going to be an increase in cost, because it was recognized that if a policeman is a policeman in Fort Garry, West Kildonan, Winnipeg or St. James his salaries are going to be equalized, and why shouldn't they be. That if there are firemen throughout Winnipeg, they were going to be equalized. And you know it was moving in that direction anyways, because prior to Unicity coming into creation, the fact is an arbitration board had made that very same ruling and had said a policeman is a policeman and therefore they should be paid the same, irrespective of whether there was an artificial boundary of a seat between what is one bordering municipality as against another.

Mr. Speaker, the member seems to want to go back and recall the wonderful days of Metro, and I wonder if he thinks back a little bit, does he recall the hassles and the fights and the arguments annually between the 12 municipalities and Metro and the charges that Metro didn't have to raise funds, they just spent money like it's going out of style. And I think those are some of the expressions used, "spend money like it's going out of style". They weren't responsible. They simply had a budget, they passed it on to the municipalities, and the municipalities are forced by law to include that and to levy for it.

And I recall an instance of when the City of Winnipeg, as a matter of fact, held back from accepting the budget of Metro, and it was a question of could they legally do it? I recall them postponing the passage of the budget because they were so put out and angry about the Metro budget.

So I say to the honourable member, he is misleading the House because he is trying to imply that if there had been no Unicity, that if there has been no unification of services, that somehow, by some miracle, this Greater Winnipeg area in isolation to the rest of North America would somehow have had a lower tax base. That's absolute nonsense, a lower tax levy. That 's absolute nonsense, and he knows it. But if he wants to play politics, he can.

He mentions Metro. Does he not recall why - maybe he's forgotten - why it was that the rates between Manitoba Hydro serving the suburbs and Winnipeg Hydro serving the Inner City, had to be meshed? And do you know why it was? I'll try to remind him. Because it was recognized that because the suburbs were now going to participate in the greater cost of running the Inner City, the City itself, the municipal cost of Winnipeg, that they should not have to pay a higher Hydro rate than the people living in the City of Winnipeg, and therefore it was said to them, "Whether you live in St. Vital or you live in the City of Winnipeg, your Hydro rates should be equalized." We were saying that if there was going to be a single city that there should not be two different Hydro rates, and the Hydro rates, therefore, the meshing of the Hydro rates, were to the benefit of people living in the suburbs. And that is - if the Member for Inkster would kindly subdue his voice, if the Member for Inkster would please . . .

MR. SPEAKER: Order please.

MR. MILLER: . . . speak a little softer, I can't hear myself. Thank you.

So, Mr. Speaker, the equalization of Hydro rates was to make it equitable so the people in the suburbs would pay the same rates in the final analysis as the people in the City; and that was the purpose of it. And again, the member gets up and makes a speech, but I know him well enough, and I've known him for a number of years - he knows the answers, but he likes making provocative speeches, hoping to get a cash headline. But the fact is he knows what the answer is and he would be the first to say that the people in St. Vital should not pay a higher Hydro rate than the people in the City of Winnipeg. Because he supported that, as did everybody else. It was logical, fair and just. And that's what was done. And so the talk about an increase in the Hydro rates, as Manitoba Hydro rates go up, yes, the City of Winnipeg Hydro rates should go up, the equalization will take place, so that their neighbors are not paying different rates one across the street from the other.

Mr. Speaker, members opposite seem to forget a very important fact: mill rates have gone up and they've gone up every year, and I predict they're going to keep going up. In all the

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(MR. MILLER cont'd) . . . . years that I've been involved in school boards, municipal councils, provincial governments, I don't recall a year when municipal levy did not go up. It goes up because costs go up, because people's aspirations go up, people's demands go up; they want a better community, and in this day and age, certainly with greater emphasis on recreation, on leisure, they want these things within their communities, and they ask for them and they get them, and they get them because people elected to office pledged to give it to them. And they are reflecting, I always find, they do reflect - people elected to office reflect the kind of community in which they run for office, the aspirations, as I say, and the desires and the hopes of the people of the voters in that community. So that when the member says to me that the costs of Unicity have forced the price up - and you can't blame the Council of the City of Winnipeg; I'm not blaming the Council. I recognize that the costs have gone up. What bothers me is the implications and the attempt by the Opposition to constantly sell - and some municipal people - to sell the idea that it all happened because of Unicity.

Well, Mr. Speaker, there wasn't a Unicity in Toronto, there's no Unicity in Vancouver, and the mill rate has gone up and up and up right across the country. What they choose to ignore is a small little thing: it's the impact to the taxpayer that counts. What does it mean to him in the payment of his taxes? When we introduced the Property Tax Credit Plan and we introduced the \$150.00 payable immediately on the tax bill to the City of Winnipeg and \$100.00 to be claimed when filing the annual income tax, Mr. Speaker, we relieved thousands of people irrespective of what the mill rate was. Because, you know, when I look at my tax bill, I don't really care very much how you multiply, whether it's a high assessment and a very itty bitty mill rate, which would yield the same money, or a very low assessment and a huge mill rate, which people will talk about 80 mills, 90 mills, 100 mills, and a low assessment, but still yielding the same dollars. What I look at is what is the net amount that I have to pay. And the net amount that has had to be paid in Winnipeg since 1972 has been comparatively lower than other jurisdictions in Canada because of the program of this government, Mr. Speaker.

I hear talk about the concern of the pensioners. I wonder how concerned they were about pensioners when they had a flat rate premium on Medicare, whether your maximum income as a pensioner was at that time a hundred and some odd dollars a month, but they still had to pay. --(Interjection)-- If they qualified for welfare, Mr. Speaker, that's their need, and their need criteria was pretty miserably low, I can tell you. I wish ours was higher but compared to them we're up in the clouds. --(Interjection)-- Ah, we're going to bankrupt the country, that's the point. On the one hand, that's exactly . . . Now we have it. If you do something, you spend money, you transfer money to people, you're going to bankrupt the country. Don't do that. Bleed the people who haven't got it, that's the way to do it, but tax those who have. Well, Mr. Speaker, I make no excuse; I've never been ashamed of the fact that we have in fact shifted the burden. We have made some redistributions - not the total redistribution, I know we haven't. I'm not kidding myself - I've never said we have. But, by gosh, we have helped people in the lower income groups, people who can least afford it, to pay their municipal taxes so they shouldn't lose their homes, so they should stay in their homes. We've done it through the Property Tax Credit Plan. It has been a success. Over 80 percent of pensioners do not pay a nickel of educational tax, Mr. Speaker. That is a fact.

So, Mr. Speaker, when I listen to the drivel and nonsense, which I assume, I have to assume, can only be to catch the public attention, to . . . Maybe he'd get a headline, and maybe confuse. Maybe that's the reason. And I suppose that's their conception of what politics is all about. That's their conception of politics. You confuse enough people, you mix up enough people, you raise questions of shadows of doubts, and they think people are ignorant enough to really be suckered in by it. Well, I have news for them, Mr. Speaker. They were out of step with the times and didn't understand people in 1969, and, Mr. Speaker, in 1975 they're as far away from knowing what the true realities are as they were in 1969. They lost their credibility in 1969; they haven't yet recovered. They haven't yet recovered. Maybe some day they will. Maybe some day they will. But not these people and not with the kind of speeches they make, because the speeches are misleading and people know it. And he can get up all he wants, the Member for Riel can get up all he wants and talk about the massive increase. Let him go to his own tax bill. Let him look up his tax bill of 1971, 1972,

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(MR. MILLER cont'd) . . . . '73, '74; let him calculate what was the average rate of increase over a year, over the four-year period, year by year by year, and then, I suggest to him, he's going to be red-faced if he brings those tax bills into this House and says that the municipal tax rate on his home in his community has been higher than the average across the country. It just ain't so, Mr. Speaker, so it's a lot of drivel.

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

MR. MINAKER: Thank you, Mr. Speaker. I'd like to make a few comments at this time, particularly after hearing the Honourable Member from St. Johns last night. It required an answer, as my honourable colleague from Riel indicated earlier in his comments - and I might again remind the honourable member that, if I remember correctly back in the days when I was on council in St. James, he was a super salesman of Winnipeg, super salesman of Unicity, and I attended a couple of meetings he was at with some of his colleagues - indicated that it was for the good of the City, that this would do wonders for the City of Winnipeg, and it was only fair and natural that everybody should have an equalized base.

And then he, as part of the architect, created the monster that we now have, and it is a monster. Whether the government will admit to it, they know it's a monster and that's why they won't give it any say or they won't give it any money, and they have created a financial appetite for an urban area that cannot be satisfied. So what did the honourable member do last night? He stood up and he blamed everybody, same thing as the Honourable Minister of Urban Affairs just stood up. He not only blames everybody else but he also blames the other cities in Canada of having the same problem. Mr. Speaker, we know they have the problem, because we've been trying to tell this government for the last year and a half that there are problems in the urban areas of Manitoba, and finally the Honourable Minister is recognizing it.

But do you know what, Mr. Speaker? I think we've finally visualized what is happening, because the Honourable Member from St. Johns stood up last night and implied, implied that the reason Unicity was not going anywhere or they weren't taking advantage of the taxes that they could raise in that City, was the fact that there were some supporters in that Council that supported the Progressive Conservative Party, and they were the guys, they were the culprits that were stalling everything. You know, it's amazing that he would even state that. And then, last March 16th, or March 6th, I think it was March 6th, the Honourable Member from St. Johns in his Throne Speech Debate said with regards to redistributing of the income, etc., he said, "So much of what we have done in the last number of years has been to reduce the burden of taxation." Now listen to this, this is a quote: "To reduce the burden of taxation, but not to the friends of the Conservative Party." That's what the honourable member said, on March 6th. Now, is one to conclude that because there happens to be people on City Council that support the P. C. Party, that is why they're not getting any of the funds? Is that why the City of Winnipeg is not getting any financial assistance from this government? --(Interjection)-- In the same way that the First Minister back in the '72 election stated that people from the Roblin area could not expect any great assistance because of their agitation. Is this the kind of reaction that we're getting from these people?

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, on a point of privilege, the Honourable the First Minister made no such remark, and even the remarks that are attributed to him, which were quoted in the newspapers, were not as indicated by the honourable member, who says that the Premier said that the people in Roblin constituency couldn't expect anything from the government because they didn't have a New Democratic Party representative.

MR. MINAKER: Mr. Speaker, there we go again: blame the newspapers. Blame the other people, that's the kind of reaction . . .

MR. SPEAKER: Order please.

MR. GREEN: Mr. Speaker, I did not say that the newspapers had misquoted the First Minister. I didn't blame the newspapers. I blame the honourable member who has misquoted the First Minister. I said that the quotes in the newspapers did not say that which the honourable member has said.

MR. MINAKER: We are now dealing in semantics. We know what the Minister meant, the First Minister, when the statement was made, and now we're seeing it unfold here in the House from the back row, from the Honourable Member of St. Johns.

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(MR. MINAKER cont'd)

Now, Mr. Speaker, it's very interesting to note that the Honourable Member from St. Johns said that, you know, why don't they take advantage of the tax they can raise from City Hydro? I think he said, you know, that is the kind of tax that they have and should make use of. You know, it's very interesting that the mover of the motion at Council on Wednesday night, who moved the motion that - I think I even got it worded here exactly - "that the clause be referred back with instructions that Winnipeg Hydro establish new rates to more accurately affect a zero position in the net profit for 1975."

Now do you know who passed that motion, Mr. Speaker? Councillor Alf Skowron. Now I think he's an NDP supporter. He ran as an NDP councillor. He moved the motion - well, we are now dealing in semantics again. You know, that's . . . --(Interjection)-- Anyway, Mr. Speaker, they sit there and laugh and think they're cocksure of themselves, but one of their supporters, one of the individuals who was even considering running in Elmwood against the Honourable Minister of Public Works but he didn't when the First Minister went and spoke to him and said, no, it wouldn't be too good to have a nomination - this is the person who moved that amendment. And who seconded that amendment? Councillor Johannson - another NDP supporter. Then who voted for it? Councillor Corrin, Councillor Eliason, Councillor Johannson, Councillor Klym, Councillor Knight. I don't know whether Lazareno was an NDP supporter or not. And Councillor Skowron, Councillor Wade and Councillor Zuken. These are the people that recognized - and not only that, Councillor Skowron stated that to raise the tax or raise the rates of City Hydro was a regressive tax. But the Member of St. Johns says, no, no, they have that tax to raise. And then he implied that they hadn't signed the Assiniboine Park agreement, and not being on Council for two years I can still understand their concern with this government. I don't think any of us here would sign an agreement where somebody had 25 years to lease a particular valuable piece of assessment that you own, but would only give you a five-year lease, a management lease.

Now, is it wrong for them to concern themselves to represent the people of Winnipeg to their best interests? And I would hope that that matter will be resolved in the near future, and I'm sure it will be. But to imply that the councillors, particularly those who support or have an interest in the Progressive Conservative Party on Council, are the people, the culprits that are causing all this, is wrong, Mr. Speaker, definitely wrong, and I would suggest that the Honourable Member from St. Johns do a bit of homework to find out who in fact is turning these back.

But then, Mr. Speaker, one starts to wonder what kind of ploy is this government doing here, because I know back some three years ago we received a letter from the Manitoba Hydro indicating their increased power purchase agreement, one that would not be liveable with if the City Hydro, Winnipeg Hydro, wanted to continue on in its own accord.

Can one visualize now that the First Minister will make a statement, say in six months' time, that because Winnipeg Hydro is not making any profit and you have financial problems, let's buy the Hydro for you people. We'll give you 10, 15 million dollars a year, you know, no money down, a dollar-a-week type of approach. Is this what they're after, Mr. Speaker? Is this why they're having their own supporters turn around and suggest that the Winnipeg Hydro not be run as a profitable utility? Because, Mr. Speaker, Winnipeg Hydro is very embarrassing to the government over there, and I'll tell you why it's very embarrassing. It's that Winnipeg Hydro is run by administrators, not by politicians. That's the embarrassing part. Because they happen to the - the government call in a Mr. Cass-Beggs to write a political statement that they shouldn't flood Indian Lake and they should only flood it to certain levels and delayed the construction in the North that has caused a fantastic increase in capital costs and, as a result, increased Hydro rates, it's very embarrassing for the government that their own utility that is now politically run instead of administratively run, as it should be, as a public utility, they are embarrassed. And what better way to get rid of the embarrassment but to squeeze it out.

A MEMBER: Get Harry off Hydro Board.

MR. MINAKER: You know, that's what we can visualize that's occurring in the minds of the government people right now. We have to get Winnipeg Hydro somehow. Squeeze them off.

A MEMBER: Harry, you gotta go.

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MR. MINAKER: Mr. Speaker, I would suggest that's wrong. If I was a backbencher on the government's side and had a city seat, believe me I'd be talking to the Honourable Minister of Urban Affairs, and I'd be talking to the First Minister about the financial problem that our city's in, because Winnipeg is very unique, very unique. It houses over half the population of this province, and if it's not healthy the province isn't healthy. We talk about putting in an income tax for the city. I think the Honourable Member from St. Johns indicated the various taxes that could be applied.

Could you imagine, Mr. Speaker, what would happen in Winnipeg if a one or two percent income tax was applied to people who work here? I know what happened in Philadelphia. All the big companies pulled out because immediately the labour people and the workers come and say, "Hey, if I have to work in this city and pay 2 percent more income tax I want 2 percent more money". And what happened was the growth of the city fell off, the corporations pulled out. And that's what would happen in Winnipeg, Mr. Speaker, because Winnipeg is in competition with all the other cities of Canada. And until this government realizes that they do need some kind of sharing in this growth tax they have, and to give you an idea of it, the interest of this government, it's my understanding that the Honourable Member for St. Johns when he was Minister of Finance last year indicated a commitment, whether it was in writing or verbal I don't know, that he would get a provincial administrative group and go out - a task force - and go out to the municipalities and talk to them and find out and discuss the financial difficulties that this particular area has. And what has been done to date? I don't know, but I'll tell you, Mr. Speaker, the City of Winnipeg is holding a seminar next week, a seminar for the . . . --(Interjection)--

MR. SPEAKER: Order please. The Honourable Member for St. Johns state his matter of privilege.

MR. CHERNIACK: Mr. Speaker, the honourable member has stated, I believe he's stated that I undertook to head a task force. I have no such recollection. I would like him to give me the citation of where that is evident.

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

MR. MINAKER: If the Minister was listening I said that he had given a verbal commitment or some kind of a commitment to the official delegation of the City of Winnipeg, Mr. Speaker.

A MEMBER: You were there?

MR. MINAKER: No, I was not there. And, Mr. Speaker, what happened? The City of Winnipeg had to go out and hold a seminar, they're going to hold one next week, call all the municipalities in to have a discussion on the problems of financial difficulties that all of them are experiencing. But this is the kind of interest that this government has, and I would suggest the backbenchers, the city member backbenchers better talk to the Treasury Branch, because, boy, you guys are going down the drain, I'm telling you.

Mr. Speaker, this government has always taken the attitude, you know, if we control the purse-strings, we control the individual or the area. And to give you an idea of their interests, just to give you an idea, they share in metro streets or regional street costs. When I was on council, back two years ago, there was a plan for an Osborne Street bridge redevelopment because it's needed. This government has sat there and denied their share of the costs and as a result the bridge will cost twice as much if it goes ahead.

And what do they recognize? If you look at the Highways Estimates this year, under the area of aids and grants to cities, there's an increase of a little over a million dollars, I believe. Not even to cover the increased costs of that Osborne Street bridge that will be caused because of the delay of participation. But this is the way this government operates, Mr. Speaker. It wants to control the money, have the say. Because really there's a confrontation right now going on between the urban government and the provincial government for its future, I would say, down the road. One of them will survive and the Provincial Government wants to make sure that it's the one that survives.

Well, I suggest, Mr. Speaker, that we need urban governments, they're very valuable. And the Honourable Minister of Urban Affairs can stand up and do his dance routine about days gone by and how the costs have increased and they would have increased regardless. Well, I suggest, Mr. Speaker, to the honourable minister, that has the taxes on municipal services gone up more than double in four years than the other cities? Because it has in my area, I'll

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(MR. MINAKER cont'd) . . . . tell you. This year, if the mill rate goes through as it's proposed - somewhere around 13 mills - it will have increased 27 mills, 27 mills, that's double, Mr. Speaker. And not only that . . .

MR. SPEAKER: Order please.

MR. MINAKER: Mr. Speaker, on the same taxpayer, the education costs in the last two years have increased 80 percent. And you want to know what it costs, I'll tell you. It costs over \$400 of increased taxes in our area, if you live in a home that's around an 8,000-dollar assessment. And that's not a big house. In the order of \$400 increased taxes in two years. That's what I call double digit inflation, and I suggest, I think the First Minister said that the inflation fire was roaring right now and had to be stopped. These people over here, Mr. Speaker, will be still fiddling around with figures while Winnipeg burns down.

And, Mr. Speaker, to give you an idea of this government's attitude towards Winnipeg or the urban areas, they will create an additional cost for the City of Winnipeg this year of some 110,000-plus for increased gas costs for transit, for public works and so forth. And I would suggest, Mr. Speaker, if you double that figure, you're getting close to a quarter of a million dollars that the urban areas are going to pay for Autopac this year, on the real tax, on the real property tax. But this is the attitude that this government has. And they keep arguing, well they shouldn't get any growth taxes, they're beggars. I think they've even convinced some of the press and radio people that the City of Winnipeg are beggars.

A MEMBER: That's the press. That's the press.

MR. MINAKER: I'm not blaming the press. That's their opinion. I'm blaming the government. Mr. Speaker, you know, they've got it to a point, blame the other people, it's not our fault. Everything was rosy, you know, but it's blame the other people.

And, Mr. Speaker, I would think if I was a backbencher on that government side that I'd have a heck of a time explaining to the people in the area that he represents, how can we afford to give Saunders 30 million, how can we afford to give Flyer 30 million, sell the buses at a loss, subsidize the San Francisco Transit System. How can they go back to their people and say, no, we can't give the City of Winnipeg or the City of Brandon any more money. Because they're going to have difficulty explaining to the homeowners in their area that taxes have gone up \$400 in the last two years, or 300. That's what they've gone up. And we know it's a problem everywhere but I suggest that it's growing at a rapid rate in Winnipeg because of Unicity than it has in other areas. They knew, they knew when they were passing the Unicity Bill that it was a labour bill. The basic part of it was a labour bill for the people who worked in Winnipeg as employees of municipal governments. And they knew the consequences of what was going to happen but they haven't reacted to it. Yet they can sit there and take \$33.9 million in increased taxes from the Federal Government last year on their corporation equalization revenue, they can take another growth of some, I believe 40-plus million growth in the growth taxes, a total of around \$81 million. But they want it for what? That's what we would like to know. Because if this city fails and it becomes the highest business-taxed city in Western Canada, which it will this year if there's no further assistance coming from this government, then it's not going to grow, Mr. Speaker, it'll start to fall off.

And, after all, Mr. Speaker, our city really when you look at it, it's the house for a lot of industries in our province. It's the house that supplies the water and the sewage facilities; it's the house that keeps the roads clean so that people can travel through our cities. And this is where our economy is carried out, a good portion of it, and they know it. This is where the liquor stores are located, where they get all their growth tax on liquor sales. Yet where they come back and say, let them raise the tax, that's what the Honourable Minister of Mines and Natural Resources made a comment on, raise the taxes, we're not giving you any more. Mr. Speaker, he said . . .

MR. SPEAKER: The Honourable House Leader state his . . . Order please.

MR. GREEN: Yes, Mr. Speaker, I did, but not what the honourable member said, and that's my point of privilege. I did say it. That I would not give to the City of Winnipeg one red cent if they were not prepared to accept taxing authority, which we were prepared to give them, not merely the real property tax but growth taxes as long as they accepted responsibility for levying their own taxes, I would not give them one red cent. I repeat it and I put it on the record.

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



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MR. MINAKER: Yes. Mr. Speaker, I think that the Honourable Minister should talk to his honourable colleague from St. Johns because he indicated last night that the real property tax was a growth tax, I believe.

MR. SPEAKER: Order please. Order please.

MR. MINAKER: So that, Mr. Speaker, they have obviously considered that to be a growth tax.

MR. GREEN: Mr. Speaker, on the same point of privilege, real property tax is a growth tax and I said that they can have that one and they can have any more that they ask for as long as they accept responsibility for raising their own taxes.

MR. SPEAKER: The Honourable Minister for St. James.

MR. MINAKER: Mr. Speaker, it's obvious too that the government wants to share in that growth tax because they've turned around and put Autopac on it with the gas charges. So they want a share in the growth tax too. But they don't want to share the opposite way around, Mr. Speaker.

And, Mr. Speaker, this government has had the attitude since the day one of inception of Unicity that they would not let them be their masters in their own home or in their own house. And that's the key problem. Whenever there was a grant given to the City of Winnipeg there was strings attached, strings of control. They would not give a grant towards City Park unless they were the administrators and managers of that park. They would not give a shared cost on Osborne Street bridge unless they had a say in the matter. And I can't argue with a basic philosophy like that to a degree. But when you start to put a commitment where you take away authority that already exists then, Mr. Speaker, I suggest that the government should review its policy on whether in fact it even wants a city government. Because as they give these grants out and take away certain authority that the municipal governments presently have, at some point in time the people will say, why do we even need a city government? Why not just set up a City Administrator who will be answerable to the Minister of Urban Affairs? And, Mr. Speaker, the day that comes we're in trouble I suggest, Mr. Speaker.

We're in deep trouble because the urban governments are very valuable governments for Manitoba. They're very valuable people that we need and we've seen what's happened when they get too big with Unicity, we've seen what's happened. They talk about the fact that there is an equalization. Really is there an equalization when prior to Unicity an area had its own decision-making power, and following Unicity, now it represents a small percentage of that vote? Is it any different than Metro in that regard when the first or the Honourable Minister of Mines stood up and said to the effect that Metro - I believe it was the Honourable Minister, if it wasn't my apologies - said that Metro raised the taxes and handed it on to the city. Well, really, is there any difference in that if you go from a 100 percent decision-making person for Fort Garry we'll say, and you turn around and you're three out of fifty, six percent. Is that any different than Metro? If the Council wants to vote down that six percent that says "no, you can't have that," or, "you're going to have this whether you like it or not," is that any different than Metro when it comes down to thinking about the integral contact with your community in having some say?

So, Mr. Speaker, they have their Unicity, they've created the monster. They've created the monster or helped to contribute to the monster's appetite, the financial appetite, but they're not doing anything about feeding it. They're trying to bring it down on its knees by offering it crumbs but taking away some of the say that the city now has. And I would suggest their next strategy will be to offer maybe a little chunk of meat, a little bit more money for hydro, Winnipeg Hydro, because it's embarrassing - Winnipeg Hydro - to this government, and they want to get rid of that embarrassment. They want to get rid of it and they want to control it. And, Mr. Speaker, I suggest that the people of Winnipeg in the urban areas won't stand for that. And I would suggest that the backbenchers on the government side who are city members better wake up pretty quick and realize what's happening to their areas, because the people . . . obviously the honourable members on the Treasury Branch don't care. Thank you.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I would like to have now the two bills standing in the name of the Honourable Member for Rhineland. Is the member available? Well, maybe I won't call

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(MR. GREEN cont'd) . . . . it, Mr. Speaker, on the chance that he may be available. I'd like to call Bill No. 2.

BILL NO. 2 - THE INTERPROVINCIAL SUBPOENA ACT

MR. SPEAKER: Proposed motion of the Honourable Attorney-General. The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. Mr. Speaker, I've had the opportunity to peruse the comments of the Minister on his introduction for second reading of Bill No. 2. I've also had the opportunity of getting advice on the contents of this bill, and I must say that basically we are in agreement with this bill. I can't, however, let this opportunity go unnoticed, but I'm just wondering whether it was the affairs of the province in its court procedures with the CFI investigation that prompted this or not. I know the province has had some difficulty in obtaining witnesses for that. I don't believe that had anything to do with the introduction of this bill but it may have made the Attorney-General a little more conscious of some of the problems.

I think it's basically a good bill because it is an effort to expedite the proceedings of court, and in today's society where we see so many cases being held up in court for, not weeks but months, for one reason or another, I think that anything we can do to expedite the operations of the court should be proceeded with in an effort to bring court cases to a successful conclusion.

There are one or two things in it, though, Mr. Speaker, that I would like a little clarification on, and one of these is in a section where it's dealing with the failure to comply with the court order, and as a result there would be contempt of court proceedings taken against the witness who had been subpoenaed. And I would like to ask the Minister if those contempt of court proceedings would take place in the Province of Manitoba or whether they would be proceeded with in the jurisdiction in which the subpoena had been issued. And if it occurred in other jurisdictions, would the fines or would the courts deal equitably in all jurisdictions with a contempt of court proceeding. I would sincerely hope that that would be the case, that not only would there be a uniformity in this respect, but a uniformity in the treatment of violation of this legislation. I think that that would be most essential in having an equitable form of justice carried out.

Now there was one other point that struck my attention, and that was another section, sir, that dealt with jurisdiction of the person while attending court in that particular jurisdiction, and that is where it says that "only these proceedings grounded on events occurring during or after the required attendance of the person in Manitoba." And I would hope that the Minister would give us an explanation of what he meant by "after". This spells out . . .

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I almost regret to interrupt the honourable member who I think is making a very good, constructive talk with regard to the bill. I would hope that he could deal with his talk on the broad principle on the bill, because dealing with each of the sections is what is supposed to be done in Committee. Now having said that, Mr. Speaker, it sometimes requires the dealing with a section to talk to the principle, and all I'm doing is, well, complimenting the honourable member on his submission. I would try to ask him to reserve the specific details on sections to Committee.

MR. GRAHAM: That's quite true, and I accept the admonition of the House Leader, and I was attempting to deal without specific mention but I find it rather difficult. I think that it should issue a little warning here in some of the wording that has been carried out in this, because unless you are specific in law, you can open up a can of worms that maybe cause more problems than those that it was designed to eliminate.

MR. GREEN: Even when you are specific.

MR. GRAHAM: So I would ask the Minister to consider that particular word in his consideration of this bill in committee and also in his closing remarks on second reading.

Now, I'd like to go on to the question of fees for witnesses. I see something happening here, Mr. Speaker, that I think has an excellent intention. So many times in law we have tried to spell out specific fees at a set per diem rate, but when we do that we find that, coming back two or three years later we find these fees or salaries or whatever they are, are out of date and we have to change the law because they have been out of date, and last year in Judges' salaries, for instance, was one of them, where we upgraded the salary of judges because it

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(MR. GRAHAM cont'd) . . . . was spelled out in the law specifically what they were to receive.

There is an attempt in this schedule to get away from that because they have set just a minimum, and I would presume that by doing that they have left the maximum to the decision of the courts. But I want to warn the Attorney-General that in setting a minimum he is almost saying that inflation is going to continue, that no government can ever stop inflation, that we are on a constantly rising spiral. And that may not, sir, be the case. It is possible that we could have a recession. We could have a complete re-evaluation of our currency, and the minimum that is now set could be just as detrimental as a specific that is set in a fixed rate. So I just mention that to him at this time, that maybe he is looking only in one direction, that our inflation is definitely going to continue in one direction only, or the value of our dollar is going to continue decreasing all the time and he may want to take a look at that. I don't think it's a very important point but I just mention it at this time.

I don't think there's too much more I want to say on this at the present time. I think it's a good bill. One of the main points that I do like about it, it only applies when other jurisdictions pass similar legislation, it cannot be done unilaterally; so that whenever more than one jurisdiction in this country wants to achieve a common goal, I don't think that we should try and prevent that at all. I think it's a very worthwhile effort, and on that basis alone, sir, I recommend this bill to the House.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I rise to support the bill. I believe it's a very good bill. The legislation here on Bill 2, The Interprovincial Subpoena Act is legislation to allow a subpoena issued outside the province to be recognized, and I see nothing wrong with it. I think it's good legislation. I understand that the recommendation came from the Law Reform Committee who have done considerable amount of work and research in this area, and it is also my information that the principle has been approved by all provinces in Canada, so what we're doing is just respecting each other's legislation. Within Canada I think it's very good legislation and I recommend it to the House.

MR. SPEAKER: The Honourable Attorney-General shall be closing debate.

MR. PAWLEY: Mr. Speaker, just a brief comment or two. I think that we would be best to leave answers to many of the specific and worthwhile questions posed by the Member for Birtle-Russell to Committee stage.

I would like to just comment on two aspects. 1. I'd like to emphasize that the bill relates only to civil litigation in matters pertaining to criminal areas of concern. Then, of course, there is an inter-provincial arrangement insofar as the delivery of subpoenas now and the respecting of those subpoenas from one part of the country to another. So it pertains to only civil matters as between parties, just in case there is any doubt in that respect.

The other area that was raised by the Honourable Member for Birtle-Russell dealing with fees, is one that really is of considerable discussion as to in what way one should deal with the schedule of fees. I was inclined to think in terms of the schedule of fees being attached, or being done by way of regulation, so that from time to time the fees could be changed by way of an Order in Cabinet, and probably greater flexibility in that respect rather than waiting for a year or so to bring it back into the Legislature, the Assembly as a whole, to deal with changes in fee structure, because it's certainly something that is more administrative than policy in nature. I think probably for this first time anyway that it's better that maybe it be included in the legislation rather than done by regulation so that it's highlighted that there is certainly a reciprocal agreement that will be dealt with from province to province insofar as the payment of fees is concerned. That we can hear comments from members as to the basis by which those fees have been arrived at in the House and also it may be that in view of the fact that other provinces will be and I understand we're the first to pass this type of legislation, we expect the others within the next two or three years to follow suit, that our schedule of fees will be of such that will be also legislated in a uniform fashion in other provinces so that we don't have inconsistency one province to another in regard to the fees paid to witnesses. I think the reference to minimum fees is to allow some flexibility in the event that you have for instance a psychiatrist or some other high salaried individual that the court in its discretion may allow a higher fee than the minimum one which is allotted in the legislation.

So with those few remarks, Mr. Speaker, I appreciate the remarks and look forward to questions in Committee.

QUESTION put. MOTION carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I'd like to proceed with the further matters relating to Interim Supply.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, by leave, I move, seconded by the Honourable the Minister of Mines, that you, sir, do now leave the Chair and the House resolve itself into Committee of the Whole to consider the following Bill: Bill No. 7

MOTION presented and carried.

MR. SPEAKER: The Honourable Member for Morris

MR. WARNER H. JORGENSEN (Morris): Before the motion is agreed to, I wonder if the Minister of Finance is making arrangements to have copies of that bill distributed.

MR. SCHREYER: Mr. Speaker, I believe that the bill has been distributed. It could be that the Member for Morris was momentarily distracted and wasn't aware of that, but the bill had been distributed.

MR. SPEAKER: Bill 7 is out. The Honourable Member for Logan.

#### COMMITTEE OF THE WHOLE HOUSE - BILL 7 - INTERIM SUPPLY

MR. CHAIRMAN: The Bill before the Committee of the Whole is Bill No. 7. (Items 1 to 6 passed.)

Item 7. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I just want to make one or two comments, if I may, at this time. I think it's appropriate in Committee. It really relates to some comments that were made on second reading, particularly by the Member of the Liberal Party. I'm sorry that he's not in his seat at this time. My comments, sir, are directed to the . . .

A MEMBER: Name the member.

MR. SPIVAK: The Honourable Member for Fort Rouge. My comments relate to what may by some appear to be a contradiction with respect to a position that has been attempted to be presented that here in this debate, that at this particular time in our history there was need for restraint on the part of government and for the recognition that there has to be both the establishment of priorities, and the elimination of a number of programs with cost benefits are not significant to warrant continued public expenditure, in the hope that the exercise of this restraint in the removal of those programs would accomplish a two-fold objective: 1. the reduction of taxation; and secondly, the reduction of government spending. And I cited a few examples. I think, as we deal with the estimates over the next period of time, there'll be opportunity to cite many other examples specifically of where this would apply.

The Honourable Member for Fort Rouge in his remarks, particularly talking about changing in attitude and the application in changing principles, suggested that there was refusal on our part to recognize that there was a necessity, facing a recessionary period, for the application of the economic levers by government in such a way as to maintain both full employment and stability within the economy, and that this had been adopted as a policy over the last two decades or three decades and is recognized as a necessity, and a necessary action by government. And I agree, and I don't think that there's a contradiction between what I am saying or what I have said, and the necessity for government action to take place. But what I am suggesting is that the priorities have to be established and there are many programs that may not be beneficial, which in fact have to be eliminated. And I cite, you know, as one that could be considered, is the question of whether the Institute of Urban Studies at the University of Winnipeg at this particular time, with the research activity that's undertaken and with the public cost, is one program that really is a priority item, and I cite this possibly facetiously, but possibly not as well. Because I think, Mr. Chairman, we have to recognize that in the whole research and planning area and in the funding that has been undertaken by governments at all levels, federal, provincial and municipal, for the continuing studies of a variety of choices that people can make and the government should make, that there's been a tendency to feel that it's necessary to continue investigating every possibility of every conceivable design, and that this in itself is a good thing and this in itself is a worthwhile thing as far as governments are concerned. And I have a feeling at this

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(MR. SPIVAK cont'd) . . . . point that we've reached a stage with everything that I've said, that it's necessary to establish priorities and for many of these programs to be discontinued in the hope of accomplishing what I've suggested.

Now there's one other comment that I think has to be made, and I think it's worthy of being mentioned as well, that in recognizing that government will exercise levers of economic power that they are capable of utilizing, that the priorities have to be set based on the needs of the time and the needs of the community, and we have to analyze our situation today. And I, without question, would say that housing now still presents for this country and for this province a very serious problem, which requires the labours of economic power that's capably exercised by government to be utilized, that housing realistically and shelter realistically becomes a No. 1 priority. And notwithstanding the fact that there are serious problems with respect to construction costs today and the methods of financing that are available, that this must be a problem that governments must address themselves to, and it means addressing themselves to it in a two-fold manner: 1. The actual implementation of programs that government should be undertaking in a variety of different ways; and 2. The encouragement of the private sector and the availability of funds for the private sector to be able to do what is necessary to provide civic and housing accommodation, without in any way suggesting that that in itself would fan the fires of inflation, but recognizing that is a need, and it is a need to meet both the requirements of people and particular situations today, and the problem area of our people, that if we adopt that as a position, then that means as well that there has to be a strain in other areas.

What we really are talking about is the question of priorities. What we're really talking about is the question of choices that government has to make. And I still suggest, Mr. Chairman, through you to the First Minister and the others, that it may be very difficult and it may be very hard, and the choices may not be the best that have to be undertaken, and some bad decisions may be made, but one government somewhere in this country is going to have to show some leadership. And I say that in all seriousness.

I listened to the statements of leaders of the other provinces and those who are involved in the front benches in the other provinces with respect to the variety of different programs, and I know the effect of many of the things that they have done with respect to their own economies, and the problems are not the same as the problems here but the general inflation is rampant all over. But it would seem to me, Mr. Chairman, that someone, some government, has to show leadership, and I suggest at this point that in the estimates that we have, and maybe I'll be in a position to be more complimentary to the government when the budget comes, but in the estimates we have now, we do not have the example of the leadership that I suggest should be forthcoming. And I say this because this, if anything, should be and will be the constant theme from this side: the requirement now for the kind of restraint that government must exercise will be the establishment of the priority items that government must undertake and the recognition that it's more than priming the pump at this point, it really is fanning the flames of inflation if government spending increases in the proportions that it has, and the necessity for an analysis; there are many many programs whose significance can really be challenged at this particular time and should be eliminated, must be cut down, and with that money both tax savings could be provided and less government spending would take place.

Our whole purpose in the exercise of the estimates will be to try and deal in this area and we'll try and deal in a concrete way with the specifics that we can bring forward in the hope that there will be some recognition of this. And I would suggest, Mr. Chairman, that this is and will be the exercise that this Legislature must undertake in this session - the elimination of those programs. And I would hope that the members opposite would recognize that in directing our attention to this, that we are offering to them the opportunity for review and for even the announcement of change of programs and the possibility of accomplishing what we suggested in the first place: reduction in taxation and the restraint on government spending, so that in effect governments, who have been one of the main reasons for inflation growing so rampant in this country, will now by its very action hold the spiral and will accomplish a result that is necessary, because if that result does not take place, Mr. Chairman, then, as I suggested before, we face the serious consequences of everyone who is running so hard to try and stay in one place, of demanding more and more, to be able to be in a position

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(MR. SPIVAK cont'd) . . . . to at least maintain whatever standard they've been able to achieve with respect to their own economic situation. And for those who are not in that position, because as hard as they're running they are going to be behind, to be able to at least relieve them of the severe problems that they are going to face as a result of the inflation rising to a point where their incomes have eroded, and their savings have eroded, and their pensions are eroded, and in effect they become more and more dependent on the state in the hope of achieving some degree of stability.

This is a danger that we face, it's a danger that I know the government and the opposite side recognize and the First Minister recognizes. It is not an easy answer, but this is the problem we face in 1975 and this is the problem that we in this Legislature face, and that every political leader faces. It's a problem that the people who are the municipal leaders in this province face, and it's a problem that the Federal Government faces, and we've got to now have the courage to do the kinds of things that I've suggested.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, I merely want to indicate that I have not replied thus far to that which has been said in this debate on Interim Supply, not because I felt that there was nothing to reply to. On the contrary, sir, the value of the contribution in the debate by the Leader of the Opposition, the Honourable Member for Portage, the Member for Sturgeon Creek, certainly has been of substance. I have listened to it, I've listened to most of what's been said in this debate. I intend to peruse Hansard carefully to make sure that I read and comprehend all that's been said. I fully intend at a later stage this session, at an equally appropriate time, to respond. Suffice it for the moment to say that, so far as we are concerned, there has been some response by the Honourable the Member for St. Johns and others who have spoken.

I find it hard to resist the temptation to reply right now to some of the specific points made, and I think I should take some brief period of time, Mr. Chairman, to indicate to the Honourable the Leader of the Opposition that of course much of what he has said is valid. It is a case of accepting the self evident, almost. Clearly, the problem of government in our day and age, and at any time, is one of establishing priorities, arriving at priorities, since the amount of realistic revenues for the public good and services of the province is finite, it is limited. We fully recognize that there is need for a systematic review of the estimates of expenditure, and the Leader of the Opposition I am sure knows that it's nothing new to suggest that there ought to be a careful scrutiny of the conflicting demands and requests and to put it through a process of requiring new program cost estimate analysis, PPPS, as someone put it in jargon terms. But all this is done as a matter of course. I don't feel that Manitoba has in any way deviated from the norm of increase in expenditures being required, deemed to be required by governments generally in our country in current times. As a matter of fact, at the risk of being somewhat self-satisfied, I would think that we had done reasonably well indeed in terms of containment of increases of expenditure. But even that obviously is relative. And in relation to the past, it would seem we haven't done so well. In relation to the present, I think that we have done quite reasonably well indeed.

The Leader of the Opposition suggested we are indeed in very difficult times. He is merely echoing something which has been said by the national Minister of Finance in the last 48 hours, that 1975 will be a difficult time in Canada because of the current climate and psychological mood with respect to the economy and expectations of inflation, which merely breed and generate further increase in demands and expectations. I don't know that one can be more blunt than we have already been in indicating that demands for salary adjustments that are in the order of magnitude far beyond the cost of the Consumer Price Index, and beyond the CPI plus expected real growth in GMP is simply irresponsible. That is putting it bluntly. But when the Member for Fort Garry, as he did the other day, challenges us to identify some of the root causes as to why we are in this hopefully temporary mood of lunacy with respect to matters economic, I can indeed pinpoint for him some of those root causes, and they have to do with other sectors of the economy, not only the salary and wage sector. They can be traced back to perhaps as dramatic a single point in time as any, October 1973, and all that flowed from that internationally, in which Canada was largely but not completely immune; and also flowing from the almost incredible increase in commodity

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(MR. SCHREYER cont'd) . . . . prices that took place in 1973 and in 1974, and, to be very blunt and specific, sugar beets as an example. When people look about them and see that in a period of 12 months there's an increase, not of 10 or 20 percent or even of 40 or 50 percent, or even of 90 or 100 percent, but of 200 and 225 percent in the value of a given commodity, then you cannot expect them to react in any balanced way and like it, because they sensed that somehow there is being allowed an unreasonable - and can there be any doubt about it? - an unreasonable escalation or increment in the value of something, literally overnight as it were.

Well, you know, one of the dilemmas in our society and in our political system is that it all . . . The old saying goes, "It all depends whose ox is being gored." And at one point in time when there is incredible escalation in something, in some good or service, let us say in some commodity good, everyone - not everyone, but certain people are overjoyed and others look about in bewilderment, and so when their time comes to try and set a value on their good or service - in this latter case let us say service - they feel that they must, although it may not even be fully comprehended, there is still a very deep and visceral feeling that they must somehow get redress and be allowed to catch up with some vague figures of percentage increase.

Then, not only commodity prices, sir, but in calendar 1974, progressively more so as one went into calendar 1974, the early Fall, the late Fall of '74, we had companies and corporations reporting, I am sure, with great satisfaction to their shareholders and through the medium of the business section or financial pages of the press, corporate profits increasing X percent over 1973 or X percent over 1972, and some of those increases were perhaps reasonable, but some, sir, were really monumental in terms of comparison with the previous year or previous five-year period of comparison or whatever. So that the mood, the psychology for what we are facing today, was being set slowly but steadily and relentlessly for the last 18 months.

And I must hark back to the fact that when the First Ministers met in Toronto, that is to say the provincial First Ministers met in Toronto last Fall, for what it was worth a completely unqualified statement was made unanimously to be forwarded to the federal authorities and Prime Minister indicating that indeed we were living in a time in which the stage was being set for escalating incremental inflation, and that therefore the provinces would want to co-operate, without qualification, would want to co-operate in such measures as may be deemed necessary by the Government of Canada. Well, that led the Prime Minister at the time to make some offhand statement that all the Premiers were impotent, and in whatever sense he meant that, sir, the fact is that indeed, indeed the provinces are, relatively speaking - and everything is relative, whether the Member for St. James wishes to grant me that fact or not, everything is relative - and relatively speaking, the provinces are rather impotent in terms of dealing with inflation, the syndrome of which is so overwhelmingly national in scope and so overwhelmingly something that is built up over a period of not the last three months, not the last six months, but the last 18 months, plus or minus. And as a result of a multiplicity of factors and corporate pricing policies and world demand for commodities that are - well, they're multi-national, they're international.

Yes, we can do some small part to make sure that we do not let ourselves be intimidated - cajoled or intimidated - into agreeing to something which locally here would be the generating point of leading the edges of inflation, and that, sir, at the risk of being repetitious, I repeat, we are completely but absolutely adamant we will not be so used whatever the consequences. But then when that happens I will be taking it to heart and taking literally, my colleagues and I will be taking literally the sentiments of offers of co-operation and understanding by honourable members opposite, because sometimes when it comes to that kind of hard decision the Leader of the Opposition talks about, hard decision and courage, well when it comes to that point there may well be selective outcries, in which case I would be disappointed but not surprised if the Opposition all of a sudden begins to take up again the cry that the government wants to control everything, they want to impinge on the parameters of freedom, etc.

If times are difficult and if the decisions required must be difficult and tough, then clearly we will not be immune from criticism as to being too adamant and too tough. Well,

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(MR. SCHREYER cont'd) . . . . the day for that reckoning may be approaching faster than we know. But let there be no mistake, there is absolutely no circumstance in which Manitoba can be accused of leading the edges of inflation because of settlements it was prepared to countenance within its own jurisdiction. But even with that, sir, I have no illusions that that will be particularly dramatic in itself, because for a province of one million population in the context of a nation of 23 million, in a continent of 280 million, in a world of some three or four billion, the relationship and the relativity quickly comes into focus.

So while there are some things we must do, whether it is as the Leader of Opposition indicates as a matter of responsibility and courage, whether it be for that reason or just simply that of responsibility and common sense in terms of not postponing the day of reckoning at a price of having it that much worse at that later date, for those reasons we know what we have to do, sir. Then we will be interested to see at that point in time how genuine the offers of co-operation are. But I am not pre-supposing that it is not genuine. I am just indicating that I recognize the temptation to the Opposition will be very great to abandon the ship of courage and co-operation than to climb aboard that of probing away at the politically sensitive areas ostensibly at the government of the day. And every time there is a dispute on matters economic there can be no question but that there will be allegations in the face of any determined, concerted effort to hold the line that we are wanting to control - being a Social Democratic Government we're wanting to control, we're wanting to impinge and intrude further on freedom! And you know, that kind of nonsense will no doubt have its effect, temporarily at least, and so the temptation exists.

But, sir, I want to also make some reference to the Member for Sturgeon Creek, because, as I think many members in this Chamber, I regard the Honourable Member for Sturgeon Creek as a good member of a Legislative Assembly; quite good in argumentation, providing of course that one can accept his premises, and oftentimes they are premises which it would be very difficult for any of my colleagues to accept. That's why he is a member of that party and we are members of this party, to state the obvious. But, sir, given that, given premises, his reasoning and argumentation is usually very much worth listening to. But even he, sir, could not avoid the temptation the other day to engage in a couple of arguments that were, to put it in simple terms, just really quite silly of him. For example, he is referring to the fact that we are not redistributing wealth sufficiently in this province, as a result of which, because of some peculiarities in the income tax schedule, we are actually charging more income tax of certain lower income groups than the Government of Canada. And I knew that he was probably relying on certain technical interpretations of the income tax schedule and ignoring the fact that we have both a property tax credit and a cost of living tax credit.

I've had some staff work done on the numbers that he used, and it is just as I suspected. The progressivity in the income tax system as applied within Manitoba under the Federal Income Tax constraints that we have to live with, the progressivity is certainly there. Well, one proof of that is when you take a table of gross income, and the provincial income tax is a percentage of gross income, starting at 4,000 and going up to 60,000, 100,000, whatever rarefied levels one cares to go to, there is a steady, unbroken, continual of progressivity of provincial tax payable as a percentage of gross income. Starting out at one percent, 1.1 percent of gross income, provincial tax being 1.1 percent of gross income at the \$5,000 gross income level and going up in increments of approximately .7 of one percent for each thousand dollars thereafter, and at 15,000 instead of 1.1 percent, it's 6.8; at 20,000 it's 8.4; at 40,000 it's 12.1; at 60,000 it's 14.0.

But, you know, Mr. Chairman, it was a deliberate decision of this government not to make a crude adjustment in the provincial tax payable in order to accommodate the federal exemptions that were changed in the last year or so. Instead of doing that, we thought we would come up with a refinement, which was that of the tax credit program. The tax credit program, I suggest, is even more progressive in social terms than merely changing your exemptions, because the tax credit program does put some purchasing power, a modest amount, but it puts some into the hands of those who have no tax payable whatsoever, which a simple, mere change in exemptions would never do. Certainly it would be ironic if it were true, but fortunately it is not true, for a Conservative to suggest that a New Democratic tax policy is less progressive than one that they would be willing to countenance. I mean, sir,



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(MR. SCHREYER cont'd) . . . . in that case at least I would be just inconsolable, if on income tax I ever saw the day when Tories were willing to have a more progressive schedule of income tax than a Social Democratic Government, But I don't suspect that's likely to happen - although I see some change in the thinking of honourable gentlemen opposite, because the Leader of the Opposition the other day made reference to selective tax cuts as opposed to three years ago when he spoke of 6 percent across the board.

Now there, Mr. Chairman, you have an example of real absence of progressivity. At the risk of boring honourable members who have heard it so often, a 6 percent across-the-board income tax cut is really perverse in terms of the criteria or question of progressivity, and results in inflationary times in the least help to those who need it most, whereas the tax credit, as we have it devised, does have its impact largely at the lower income levels and just peters off to admitted insignificance at the middle income levels. -- (Interjection) -- Yes, and of course I know that I will incur the displeasure of my honourable friends opposite if I make reference to the fact that Ontario has an income tax credit system as opposed to a simple exemption, because as of the last 18 months, or 12 months, they are no longer interested in their Tory brethren in Ontario. They used to raise Ontario's way of doing things as an example to us, but now they have chosen Alberta, and that I think is perhaps just as well for them, because Alberta, need there be any doubt about it, is a province which is so endowed with revenues these days that it is able to - Well, one example, sir, is that their revenue from oil alone, just from oil, is greater than the entire budget of the Province of Manitoba. So that gives you some indication as to the relative problem that they have in raising of the Ways and Means to be granted to Her Majesty. They are hardly challenged with any excruciating exercise of priorities. May I say in that respect that it might be well for members opposite who have some connections with counterparts in Alberta, to politely let them know that a plethora or an abundance of revenue does not remove the onus, in fact increases the onus on them to ensure that they do not, in the full flush of more than adequate revenues, use those revenues in order to lead the edges of inflation across the country in terms of what they are prepared to allow in the way of salaries for whatever group of people or persons in Canada.

Well, there have been many interesting points raised by honourable gentlemen opposite. We will be having the Budget Address and the full Budget Debate. The Member from Portage la Prairie has worked up a great interest, and I'm glad he has, in CFI - ManCorps, and I indicated to him last evening that there will be a measure later this session with respect to the capitalization of that northern operation, and at that time I have no doubt that the Member for Portage will be fully engaged in trying to help us all come to a better appreciation of the multiplicity of facts and factors involved in that rather famous, or infamous, episode.

Before I take my seat, Mr. Chairman, I must also make this reference in respect to inflation. To look at the problem in perspective, requires that we also take account of the fact while we have this very great and profound problem, difficulty in respect to inflation and the demands and expectations that's generated, at the same time, up until this point in time, let there be no suggestion that there is a dropping off of net income, purchasing power, in terms of the aggregate average of our citizens. Because - my honourable friends don't like it but I will repeat it time and again - to maintain a perspective, to maintain a sense of relativity, it is important to know, for example, that Manitoba's disposable personal income per capita for 1974, according to data just very recently compiled, stands at a figure that is higher than the average for Canada. That, I may say, is a rather profound matter because it is the first time in my memory, and I suspect - although I'm not positive - but I suspect the first time in Confederation, certainly the first time in the last 15 years for certain, that the disposable income after taxes per capita in Manitoba has bobbed slightly above the national average. The first time. And one can minimize the importance of this, one can exaggerate it, but no one will detract from the fact that for the first time in 15 years disposable income per capita, in comparison to the national average, Manitoba is slightly above.

What accounts for this in 1974? You could say, well, inflation inflates those figures. Well so it does for all of Canada, so there is no gainsaying that fact. Disposable income is a measurement that includes taking into account of taxes collected, so that while the cost of living for our citizens has been going far higher than we could ever feel acceptable or happy with, at the same time there has been substantial, but substantial adjustments in gross income,

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(MR. SCHREYER cont'd) . . . . in disposable income, so therefore we should not be pushing the panic button in quite the sense that some would like to do.

Having said that, sir, I know there are many other aspects of economic reality and fiscal management that could be discussed, and fully intend to do so at budget time.

MR. SPEAKER: The Honourable Member from Morris.

MR. JORGENSON: Mr. Chairman, I don't intend to answer until the full-fledged budget debate on this occasion, but there are a few points that the First Minister has made that I do think should, if not refuted, at least be put into perspective. One of the latter comments that he made during the course of his remarks had regard to disposable income in the Province of Manitoba, and although I have no way of refuting that figure - I don't have the figures before me - I think without even having the benefit of those figures and the opportunity of determining where they came from, one can only assume that to a large extent those figures were derived as a result of the increase in agricultural prices, and perhaps nothing more than that.

Now, that is a very fleeting thing. --(Interjection)-- Well, the farm economy, you know, as I say, that is a very fleeting thing, and it's because that is one of the characteristics of agricultural prices. They're up on one occasion, they're down on another. And it is one of the things that has kept agriculture in its proper perspective. It's one of the things that's enabled the industry to survive good times and bad, because they're responsive to that kind of demand, which is unlike other aspects of our industry and very much the reason why farmers from time to time suffer from so many difficulties.

We experienced just a few years ago a relatively rapid increase in the price of beef products and livestock products for reasons that only, I suppose, the consumer can determine. There was a shortage of food and prices consequently went up. So did grain prices in response to a shortage. But both of those now have dropped. On the other hand, when industry or when labour or when civil servants or what have you, bargain for an increase in price, there is no corresponding drop when the demand for those commodities or those services drop as well. Those commodities are placed on a sort of a ratchet that allows them to go in one direction only, and they continue to go in that direction creating difficulties for those who are not in the position to be able to compensate for that steady increase in their cost.

I see the Minister of Mines and Resources has a profound question to ask me and I'll allow him to do that.

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Well, Mr. Chairman, the compliment is the honourable member's not mine. I would have put the question as being profound, but I do enjoy the honourable member's discourse and I would ask him whether he would not regard, in global economic terms, an increase in unemployment - let's say from 4 percent to 8 percent - as being the so-called adjusting factor which results in less money to the people who . . . I accept what he says about the increase although ultimately it can come down in any event, as he knows. There have been decreases in wages but we have not yet seen them. But would not the increase in unemployment be one of those economic adjusters which takes money away from the industrial worker or the others that he has spoken of, that is at least somewhat comparable to what happens when farm prices go down.

MR. JORGENSON: . . . because when unemployment increases, then it's the public sector that is called upon to compensate, and what you're really doing is taking money from the taxpayer in order to enable those people to survive, and I have no objections to that happening, but what it is doing is taking money from the taxpayer to compensate for their inability to get a job, and that is taking money for unproductive purposes, and there is nothing that creates inflation more than a rise in prices or wages without a compensating adjustment in productivity. And it is that difficulty that we are now faced with at a very critical time, and the demands that are now being placed upon governments and employers in general, are such as to magnify the problem, to accelerate, and to create what I could describe right now as a crisis situation. And it is not going to be relieved; it will accelerate and continue to accelerate. You know we had the example of inflation in Germany in the early 20's, you know, in 18 months the German mark, riding at par with the American dollar, and 18 months later when they changed the currency in that country, they traded that 3 billion reichsmarks to one rentonmark (?) Three billion! So, you know, this is the stage at which

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(MR. JORGENSON cont'd) . . . . we are now approaching, and one only can - well, I mean we're approaching the early stages, let me put it that way, of that kind of inflation. I don't want to give the impression that we're going to be changing our dollars for three billion to one when the new currency is issued, but we are approaching the early stages of that kind of inflation that Germany experienced in early 1921. And at that time, if one has read the history of that period, and I think William Shirer's - not to be confused with Schreyer - book, The Rise and Fall of the Third Reich, has a very good chapter on that particular time in Germany's history. And if I recall one of his comments, it's that the reason that it was allowed to accelerate at that point and the reason why it got out of hand, because the government just did not have the courage to do anything about it. And the courage that he spoke of was simply a freeing of the economy. And I want to deal with that, Mr. Chairman, perhaps after the lunch hour. I see now it is 12:30.

MR. CHAIRMAN: Order please. The hour being 12:30, I'm leaving the Chair to return at 2:30 this afternoon.