



Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXIII No. 146 8:00 p.m., Wednesday, June 9th, 1976. Third Session, 30th Legislature.

Electoral Division	Name	Political Affiliation	Address	Postal Code
ARTHUR	J. Douglas Watt	P.C.	Reston, Man.	ROM 1X0
ASSINIBOIA	Steve Patrick	Lib.	10 Red Robin Place, Wpg.	R3J 3L8
BIRTLE-RUSSELL	Harry E. Graham	P.C.	Binscarth, Man.	R0J 0G0
BRANDON EAST	Hon. Leonard S. Evans	NDP	Legislative Bldg., Winnipeg	R3C 0V8
BRANDON WEST	Edward McGill	P.C.	2228 Princess Ave., Brandon	R7B 0H9
BURROWS	Hon. Ben Hanuschak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
CHARLESWOOD	Arthur Moug	P.C.	29 Willow Ridge Rd., Winnipeg	R3R 1L5
CHURCHILL	Les Osland	NDP	66 Radisson Blvd., Churchill	R0B 0E0
CRESCENTWOOD	Warren Steen	P.C.	410 Borebank St., Winnipeg	R3N 1E7
DAUPHIN	Hon. Peter Burtniak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ELMWOOD	Hon. Russell J. Doern	NDP	Legislative Bldg., Winnipeg	R3C 0V8
EMERSON	Steve Derewianchuk	NDP	Vita, Manitoba	R0A 2K0
FLIN FLON	Thomas Barrow	NDP	Cranberry Portage, Man.	R0B 0H0
FORT GARRY	L.R. (Bud) Sherman	P.C.	86 Niagara St., Winnipeg	R3N 0T9
FORT ROUGE	Lloyd Axworthy	Lib.	140 Roslyn Road, Winnipeg	R3L 0G8
GIMLI	John C. Gottfried	NDP	44 - 3rd Ave., Gimli, Man.	R0C 1B0
GLADSTONE	James R. Ferguson	P.C.	Gladstone, Man.	R0J 0T0
INKSTER	Hon. Sidney Green, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
KILDONAN	Hon. Peter Fox	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAC DU BONNET	Hon. Sam Uskiw	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAKESIDE	Harry J. Enns	P.C.	Woodlands, Man.	R0C 3H0
LA VERENDRYE	Bob Banman	P.C.	Steinbach, Man.	R0A 2A0
LOGAN	William Jenkins	NDP	1294 Erin St., Winnipeg	R3E 2S6
MINNEDOSA	David Blake	P.C.	Minnedosa, Man.	R0J 1E0
MORRIS	Warner H. Jorgenson	P.C.	Morris, Man.	R0G 1K0
OSBORNE	Hon. Ian Turnbull	NDP	Legislative Bldg., Winnipeg	R3C 0V8
PEMBINA	George Henderson	P.C.	Manitou, Man.	R0G 1G0
POINT DOUGLAS	Donald Malinowski	NDP	23 Coralberry Ave., Winnipeg	R2V 2P2
PORTAGE LA PRAIRIE	Gordon E. Johnston	Lib.	Box 112, Portage la Prairie, Manitoba	R1N 3B2
RADISSON	Harry Shafransky	NDP	4 Maplehurst Rd., Winnipeg	R2J 1W8
RHINELAND	Arnold Brown	P.C.	Winkler, Man.	R0G 2X0
RIEL	Donald W. Craik	P.C.	3 River Lane, Winnipeg	R2M 3Y8
RIVER HEIGHTS	Sidney Spivak, Q.C.	P.C.	2518 - 160 Hargrave St., Wpg.	R3C 3H3
ROBLIN	J. Wally McKenzie	P.C.	Inglis, Man.	R0J 0X0
ROCK LAKE	Henry J. Einarson	P.C.	Glenboro, Man.	R0K 0X0
ROSSMERE	Hon. Ed. Schreyer	NDP	Legislative Bldg., Winnipeg	R3C 0V8
RUPERTSLAND	Hon. Harvey Bostrom	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ST. BONIFACE	Hon. L.L. Desjardins	NDP	200 - 185 Carlton St., Wpg.	R3C 1P3
ST. GEORGE	Hon. Bill Uruski	NDP	10th flr., 330 Portage Ave., Wpg.	R3C 0C4
ST. JAMES	George Minaker	P.C.	318 Ronald St., Winnipeg	R3J 3J8
ST. JOHNS	Saul Cherniack, Q.C.	NDP	333 St. Johns Ave., Winnipeg	R2W 1H2
ST. MATTHEWS	Wally Johannson	NDP	418 Home St., Winnipeg	R3G 1X4
ST. VITAL	D.J. Walding	NDP	26 Hemlock Place, Winnipeg	R2H 1L7
STE. ROSE	A.R. (Pete) Adam	NDP	Ste. Rose du Lac, Man.	R0L 1S0
SELKIRK	Hon. Howard Pawley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SEVEN OAKS	Hon. Saul A. Miller	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SOURIS KILLARNEY	Earl McKellar	P.C.	Nesbitt, Man.	R0K 1P0
SPRINGFIELD	Hon. René E. Toupin	NDP	Legislative Bldg., Winnipeg	R3C 0V8
STURGEON CREEK	J. Frank Johnston	P.C.	310 Overdale St., Winnipeg	R3J 2G3
SWAN RIVER	James H. Bilton	P.C.	Swan River, Man.	R0L 1Z0
THE PAS	Hon. Ron McBryde	NDP	Legislative Bldg., Winnipeg	R3C 0V8
THOMPSON	Ken Dillen	NDP	24 - 1 Public Rd., Thompson	R8N 0M3
TRANSCONA	Hon. Russell Paulley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
VRIDEN	Morris McGregor	P.C.	Kenton, Man.	R0M 0Z0
WELLINGTON	Philip M. Petursson	NDP	681 Banning St., Winnipeg	R3G 2G3
WINNIPEG CENTRE	Hon. J.R. (Bud) Boyce	NDP	Legislative Bldg., Winnipeg	R3C 0V8
WOLSELEY	R.G. (Bob) Wilson	P.C.	2 Middlegate, Winnipeg	R3C 2C4

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8 p.m., Wednesday, June 9, 1976

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills; Questions. The Honourable Leader of the Opposition.

ORAL QUESTIONS

MR. DONALD W. CRAIK (Leader of the Official Opposition) (Riel): Mr. Speaker, I had a question to be directed I think primarily to the Minister of Labour and it deals with what I think is a critical issue. I direct it to whoever wishes to accept it across the way. There has been tabled a statement of percentage increases in the building trades wage schedules that appear to be considerably in excess of the Federal guidelines and apparently have received the approval of the Provincial Government here. I was looking for some explanation with regards to this and feel that it's critical to the extent that it should be dealt with at this time. I have some reluctance to leave it over until tomorrow morning. Perhaps, Mr. Speaker, I can redirect the question. The question was whether the Provincial Government, in approving the wage schedules in the building trades, has not exceeded substantially the guidelines set down under the Anti-Inflation Board Programming of Canada.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, I speak only with the benefit of a very brief briefing on the matter but the Honourable Leader of the Opposition should take into account the fact that the change or the adjustment reflects not one year, not two, but almost three calendar years of time span and when calculated on that basis we believe it to be within the spirit and intent of the Guidelines.

MR. CRAIK: Mr. Speaker, I'm wondering here whether the Anti-Inflation Board would not have some jurisdiction over the ratification of these schedules.

MR. SCHREYER: Mr. Speaker, that would indeed be a valid concern and it is indeed a proper one to raise. I'm advised however, Mr. Speaker, that the adjustment involved here has been considered by both the building trades and also by the Builders Exchange, in other words by both employer and employee groups, and that they have not commented negatively. That does not mean however that this will necessarily ensure a positive or favourable attitude on the part of the Anti-Inflation Board but we believe it is to be within the spirit and intent of the national program.

MR. CRAIK: Mr. Speaker, the information that is being produced by the government indicates that it is in fact more than the one year, in fact the effective dates are July 1, 1974 to July 1, 1976 and represent a two-year period over that period at least. But in view of the fact that the government in other action has rolled back the effects of the anti-inflation program, particularly in view to rent control, rolled it back beyond the October of last year's date to July 1 a year ago, would it not be the case that the government is taking very stringent action in one sector of controlling for the people the cost of inflation, and on the other hand would appear to be letting it exceed substantially the Guidelines that the Provincial Government directly has control over.

MR. SCHREYER: Mr. Speaker, stated in those terms it would seem like a reasonable point. However the Honourable Leader of the Opposition I think will find on checking that it is more than the period July 1, 1974 to now. It is more than two calendar years. It is something less than three years but significantly more than two. So I make that observation.

The other observation is that were it not for the fact that a strike took place more than a year ago, an adjustment would have been made to the construction trades wage indices. But because of the fact that a strike was taking place at the time there has been this prolonged hiatus and as a consequence no adjustment made for a protracted period of time. It's being made now and admittedly it does look large but this is precisely what both the employer and employee groups have taken into account. I repeat,

ORAL QUESTIONS

(MR. SCHREYER cont'd) unless I misunderstood or have been misinformed, both groups do concur with the nature of the adjustment made.

If those in the Government of Canada that are responsible for the application of the Guidelines find that there is need for adjustment they will so advise and we abide by the law of the land.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, to the Honourable the First Minister on the same subject. Can the First Minister confirm that the rates included in the wage schedule just approved by the Cabinet are related and in fact not officially but very closely pegged to the prevailing rates in the unionized sector of the industry.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Yes, I believe that that is generally correct. Yes, that is the relating principle.

MR. SHERMAN: A supplementary question, Mr. Speaker. Well then that being the case, Mr. Speaker, could the First Minister advise whether in fact this schedule represents a true picture of the current rates and the current increases. Would it not be a fact that union agreements and union contracts are being renegotiated for the new year now?

MR. SCHREYER: Mr. Speaker, at the risk of perhaps over-extending myself, I repeat, I have not had the opportunity to a briefing in depth but my perception of the situation is that - and this does reply to the question of the Honourable Member for Fort Garry - it is that whereas adjustments have taken place as a result of collective bargaining a year ago, two years ago, there has been a period now of more than two years, less than three years in which no adjustment has been made to the heavy construction wage schedule. So it is taking place now covering a period of more than one year and I repeat that is why it seems to be undue. It has not kept pace in the last 2-1/2 years approximately.

MR. SHERMAN: A final supplementary, Mr. Speaker. But this adjustment will in fact only catch up for the . . .

MR. SPEAKER: Question please.

MR. SHERMAN: I'm putting it as a question, Mr. Speaker. There's a question mark implicit in the statement. This will in fact only catch up for the non-union side with the union side of the wage picture as of April 1st of this year. Is that not correct?

MR. SCHREYER: I wouldn't say, Mr. Speaker, that it is entirely correct but I would say that it certainly is not far wrong. --(Interjection)-- Seriously, Sir. But if that is the case, which I believe my honourable friend's assumption is correct, that's not new. That has been the case, that has been the prevailing pattern. The lag that my honourable friend refers to has been the pattern for many, many years.

MR. SPEAKER: Orders of the Day. The Honourable Minister of Agriculture.

ORDERS OF THE DAY

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, I would move that the House recess into Standing Committee of Law Amendments until the call of the Chair.

MR. SPEAKER: In that case I shall remove myself from the Chair and the members can proceed on to Committee and I'll be at the call of the House.

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MR. SPEAKER: The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg leave to present the Sixth Report of the Committee on Law Amendments.

MR. CLERK: Your Committee met on June 9, 1976, and heard representation on Bill No. 89 - The Statute Law Amendment Act (1976) from Mr. Walter Kucharczyk.

Your Committee has considered Bills:

No. 86 - An Act to amend The Marriage Act,

No. 93 - An Act to amend The Prescription Drugs Cost Assistance Act,

(MR. CLERK cont'd)

And has agreed to report the same without amendment.

Your Committee has also considered Bills:

No. 59 - The Co-operatives Act,

No. 82 - An Act to amend The Highway Traffic Act (2),

And has agreed to report the same with certain amendments.

MR. SPEAKER: The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I move, seconded by the Honourable Member for Ste. Rose, that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Agriculture.

BILLS 69, 86, 93 and 82, by leave, were each read a third time and passed.

ADJOURNED DEBATES ON SECOND READINGS

MR. USKIW: Mr. Speaker, would you call Bill 87 standing in the name of the Leader of the Opposition.

BILL NO. 87 - THE STATUTE LAW AMENDMENT (FINANCE) ACT (1976)

MR. SPEAKER: Proposed Bill 87 by the Honourable First Minister. The Honourable Leader of the Opposition. Second reading.

MR. CRAIK: Mr. Speaker, this bill is the Omnibus Bill that covers all the different areas of changes in taxation. And most of the items that are contained in it individually have been debated at different stages, beginning with the Budget where most of them were dealt with in some length and to some extent.

There are some specific questions that I have on the individual items here that might be better asked at committee stage because they do require some further elaboration in addition to what the First Minister indicated when he introduced the bill for second reading.

The first question that I would have on the start of the bill is with regard to the \$9 million taken from the School Lands Fund and now showing up in the revenue column and the question is, whether this is an annual amount that they show or whether this was an accumulated amount in the School Lands Fund.

Mr. Speaker, I noted with a degree of consternation that it has been expressed here before that under the Taxation Act, Income Tax Act, that the First Minister has the same sort of introduction to increasing taxation in this area as he did in the corporate assessment - the Corporation Act that we dealt with just yesterday and the day before - and that is the rationalization that somehow this increase in taxation is an anti-inflation measure. I notice with some degree of concern that the First Minister is again using this argument in the changes to the Income Tax Act that are contained in this bill too. And I think that this is a major issue of major concern, because being in the highly inflationary period that we're in, I would like to see some evidence that increasing taxation by a government and imposing new taxes is in fact an anti-inflationary measure. I would think, Mr. Speaker, that the average person not well-versed in the same school of economics that the First Minister obviously has been schooled in, would come to the observation that increases in taxation were quite the opposite, that they were inflationary. And the tax on the corporations that was voted on today was one of them. And the taxes that are being imposed, the surtax on individuals and the surtax on corporations both are contained in this bill, are also new taxes and in our estimation would have to be regarded as being inflationary. However, Mr. Speaker, as I say we've dealt with these at some length in the Budget debate and there's very little more to be dealt with on them at this time.

There's contained in here also the changes in the school tax rebate as well. Mr. Speaker, the principle of the rebate is not at stake here. The amounts here are being changed to a certain amount and I suppose to raise a debate on the amount of the

BILL 87

(MR. CRAIK cont'd) rebate is not going to lead us into a debate of opposing the amount of the rebate. We've questioned before at some length the principle and whether this was a good method of redistributing income, whether it wasn't a very expensive method, but as far as raising the amount from \$175 to \$200 or from \$300 to \$350 in another category is not at issue here and is not opposed because it is in fact, even if it's not an efficient method, it's putting money back into the taxpayer's pocket.

Mr. Speaker, there's a fair number of changes with regard to the Metallic Minerals Royalty Act, and a number of these are housekeeping as has been indicated. There are, of course, some questions here that would have to be raised. And again another characteristic of the government's tendency shows up here, and I would have to ask why a government would see fit to put a clause in a bill that said that where a Minister is informed or suspects that a person is or is about to become indebted or liable, or to make any payment to an owner or a beneficial owner who owes a debt to the government, under this Act the Minister may, by registered letter, so on and so on, take action against the person. Well, Mr. Speaker, what kind of legislation is this? What other sector in society is given the powers to act on the basis of having a suspicion? Mr. Speaker, we mentioned before this authoritarian and centralist type of approach that the government keeps emerging with, whether it's the Trade Practices Act or whether it's the Human Rights Act or whether it's this Act, there's this prevailing tendency to vest in the Crown, and thereby into the bureaucracy, the rights to do things that go well beyond what ought to be prudent. And when we have a clause in a bill that reads like this, where a Minister is informed or suspects, Mr. Speaker, I suggest that that's going too far and we'd like to look at that when we come to it in the clause by clause section and get some explanation whether a situation is so bad that the government has to write that sort of thing into legislation.

I noticed in another case where the government is in a position to take action in 30 days on taxes, penalties and interest payable under the Act, and this is The Mineral Taxation Act. This would be an action against mining companies. Again, are the mining companies that we have in Manitoba of the type and character that we have to write in legislation that requires the government and enables the government to act within a period of 30 days to collect a tax after it's levied?

Another section, Mr. Speaker, demand for payment if debtor is leaving Manitoba. In that case the government spelt out in its legislation that there is a ten day period.

Well, Mr. Speaker, these are some of the points in these that have to be dealt with. I notice with a degree of irony that the only tax that is being reduced out of all this host of new taxes and tax changes, the only one that shows a reduction is the amendments to the Pari Mutuel Tax Act, Mr. Speaker.

The other tax changes under The Retail Sales Tax again have been discussed, they have been indicated in the Budget, taxes, railway, rolling stock and so on. Mr. Speaker, we have no comment on those to make at this time. We have no further comment since it's now a matter of history, the changes in the Tobacco Tax Act and in the Liquor Tax, which have been done through the Manitoba Liquor Commission, are all a matter of history, and don't require debate at this point.

So, Mr. Speaker, our approach to the bill is that we would like to raise some issues on it in the committee stage, item by item, because there's such a host of different things and until we reach that stage, we'll let it rest with that.

QUESTION put MOTION carried.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I move that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following bills: 69, an Act to amend The Legislative Assembly Act; No. 88 The Corporations Capital Tax Act; No. 87 The Statute Law Amendment (Finance) Act (1976). His Honour the Lieutenant-Governor having been informed of the proposed amendment on Bill 69, recommends it to the House.

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

COMMITTEE OF THE WHOLE

MR. CHAIRMAN: Bill No. 69, an Act to amend . . .

MR. USKIW: Mr. Chairman, I wonder whether we could deal with Bill 88 and 87 first.

MR. CHAIRMAN: Will you just wait a couple of moments until the Deputy Clerk gets them.

MR. SCHREYER: Yes, Mr. Chairman, could we have an understanding as to a two minute pause.

MR. CHAIRMAN: Right.

Bill No. 88, the Corporation Capital Tax Act. What is the will of the committee, that we deal with them, page by page or clause by clause and you can stop me when you want to. Page 1--pass. The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I wanted to ask the First Minister here on Amount Taxable. This was discussed earlier as to whether it was the gross amount or net amount, or what amount actually is subject to the capital tax. In the reply in the second reading, the First Minister in closing the debate indicated that the comments that had been made with regard to what was taxable as capital, that were suggested from this side, may not in fact be the amounts that were taxable. I wonder if we could here in the definition section, determine what, more specifically, what is taxable.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, it is really best explained as follows: That it is all capital employed by a corporation in excess of \$100,000, or if a non-Canadian based corporation, all capital employed in Canada minus such deductions as are enumerated on Page 8 and 9 of the bill, that's about the most succinct way.

MR. CRAIK: The question, Mr. Chairman, in a case that I raised at the second reading, if a person is a, say, a small contractor who normally has a few pieces of equipment and a capital assessment normally of, say, you know, \$20,000 or \$30,000 who decides to build a couple of houses, but he has to borrow from the bank, is the interim financing that he uses in that temporary period considered to be a taxable capital? This is a working capital really. It's not normal capital of the company. He's borrowed money from the bank and many companies are in this position. They borrow large amounts of money for temporary periods on the basis of providing some sort of securities to the lending institutions and then they turn over the building or whatever it is to the purchaser at the end of the construction period, but for the interim period he may be worth ten times what his normal capital is, and is he stuck in that interim period for paying that?

MR. SCHREYER: Well, Mr. Chairman, the basis upon which the tax payable under this Act would be is all capital employed by an incorporated concern doing business in Canada, and whether or not the capital employed, whatever ratio of equity to debt financing was involved, the tax would be calculated on the total employed, whichever mode of raising of same was used.

MR. CHAIRMAN: Further discussions?

(BILL NO. 87 was read page by page and passed).

Bill No. 87. The Honourable First Minister. Is it the Honourable First Minister's wish to deal now with Bill No. 87?

MR. SCHREYER: Yes, Mr. Chairman.

MR. CHAIRMAN: Bill No. 87, The Statute Law . . . I wonder if we could have the Pages distribute the amendments. Just wait a moment, we'll have the amendments distributed.

BILL NO. 87 - THE STATUTE LAW AMENDMENT (FINANCE) ACT (1976)

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, perhaps by way of clarification for the honourable members of the House, I should indicate that distributed with Bill 87 is a two-page series of the proposed amendments in committee stage. I will explain as we go through at the relevant section of the bill, which of these amendments are of a technical nature

COMMITTEE OF THE WHOLE - BILL 87

(MR. SCHREYER cont'd) being brought forward in a sense because of the legislative drafting considerations and which are substantive. Those two that are substantive I will attempt to explain at the time of the relevant section.

Then finally I should also say that I propose to circulate an additional amendment which I would not propose that we deal with tonight, but when we come to that stage as the last consideration of this bill, I would ask that the bill not be reported out but held over until tomorrow and then perhaps I can get some indication tomorrow as to the inclination with respect to those last two amendments. I hope that will be a suitable procedure. --(Interjection)-- No, no, on both. 69 I indicated and 87 I'm indicating the same procedure.

MR. CHAIRMAN: Is it the will of the committee that we proceed page by page until we come to the pertinent amendment? (Agreed) Page one--pass. The Honourable Leader of the Opposition.

MR. CRAIK: The transfer of moneys to revenue division under this Section 1, \$9 million indicated as being transferred under this, could I get some explanation from the First Minister as to the Schools Land Fund whether the \$9 million is an amount that has accumulated that's being transferred to revenue or is it an annual amount that comes in on schools?

MR. SCHREYER: Mr. Chairman, I shouldn't say that there is no longer no amount that is coming in or that may come in but it is most assuredly nominal, so that what is involved here is really the accumulative amount which really deals with the period since 1930, I believe it is, with the transfer of jurisdiction for resources to the provinces by the Dominion of Canada.

MR. CRAIK: Could the First Minister indicate whether the \$9 million involved actually is included in the current revenue estimates that we have with us.

MR. CHAIRMAN: The Honourable Minister.

MR. SCHREYER: Yes, Mr. Chairman, it is shown in the Estimates of revenue as were tabled.

MR. CHAIRMAN: Before we pass Page 1, I would draw the attention of the honourable members to clause 1, subsection 18(2) in the first line thereof. Would you please note that it should be "school lands fund," not "schools land fund." With that correction Page 1--pass.

Page 2--pass; Page 3--pass; Page 4--pass; Page 5. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I move that Bill 87 be amended by adding thereto immediately after Section 15 thereof the following section - am I right on that?

MR. CHAIRMAN: Is my understanding correct, to the Honourable First Minister, that we are leaving this one over till tomorrow, is that correct? I wonder if I could have verification of that, 15 is being held out?

MR. USKIW: The proposed 15.

MR. CHAIRMAN: Then we can deal with Page 5--pass - we'll leave page 5 open because we have to add the new section in which will be added in, not at this . . .

MR. SCHREYER: . . . Mr. Chairman, Page 5 is the page to which the amendments which are being distributed to be held over for consideration tomorrow, so Page 5 should be held.

MR. CHAIRMAN: Page 6. The Honourable Minister of Agriculture.

MR. USKIW: I move that Section 16 of Bill 87 be amended by striking out the words, figure and letters "M125 of the Revised Statutes" in the 2nd line thereof, and substituting therefor the words, figures and letters "12 of the Statutes of Manitoba, 1975 (chapter M125 of the Continuing Consolidation of the Statutes of Manitoba)".

MOTION presented and passed.

MR. CHAIRMAN: Page 6 as amended--pass. Page 7 . . . The Honourable Leader of the Opposition, Page 6?

MR. CRAIK: Yes, I wanted to ask on Page 5. This clause with respect to 18 where assets partly within and partly outside the province and so on are within the province or were situated outside the province or within 50 miles of the boundary of the province, what particular case would that sort of thing apply to? It's section 18 of the Act before us --(Interjection)-- Page 6, I'm sorry, Page 6.

BILL 87

A MEMBER: Why he increased it from 10 to 50?

MR. CRAIK: Hudson Bay?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: . . .member want an example in terms of the application of this section? This section would give effect to the intent that the assets of Churchill River Power Corporation which is the thing located at Island Falls in the Province of Saskatchewan, although not located in Manitoba can be included as depreciable assets of Hudson Bay Mining and Smelting for the purposes of the Act. The previous restriction was within 10 miles of the Manitoba boundary which distance was not sufficient to include such assets. So the 10 mile rule is now being extended . . .

MR. CHERNIACK: The mining company gets an advantage.

MR. CRAIK: . . .mind if I suggest that when we read it we thought probably we were going to slip into Saskatchewan and tax their mines that were extended from Hudson Bay Mining into Saskatchewan.

MR. CHAIRMAN: Page 6 as amended--pass; Page 7--pass; Page 8. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I move that Section 29 of Bill 87 be amended by striking out the words, figures and letters "M135 of the Statutes of Manitoba, 1972" in the 1st and 2nd lines thereof and substituting therefor the words, figure and letter "73 of the Statutes of Manitoba, 1972 (chapter M135 of the Continuing Consolidation of the Statutes of Manitoba)."

MOTION presented and passed.

MR. CHAIRMAN: Page 8 as amended--pass; Page 9--pass; Page 10--pass. Page 11--pass. --(Interjection)-- On Page 10? The Honourable Leader of the Opposition.

MR. CRAIK: On page 10, this was the question where I wondered why the government felt compelled to write in this sort of wording under Section 16(4) on Page 10. It says, "Demand on person indebted to owner. 16(4) where the Minister is informed or suspects that a person is or is about to become indebted or liable to make any payments, so on!" Isn't it going a little far to try and catch up with someone that you don't trust?

MR. SCHREYER: Mr. Chairman, I must say that the honourable member is persuasive because as he was speaking just a little earlier in this very regard I was beginning to feel very badly that we were perhaps engaging in excessive administrative discretion, but I am advised that indeed this is not an uncommon provision in taxation statute law, and that there is indeed a precedent. Now I don't know that that in itself is justification, that there is precedent, but on the other hand it surely must be taken into account if it is a feature of fiscal statute law.

It is my view that certainly it would be administratively possible to live without those two words, which would then read, "where the Minister is informed that a person is, etc . . ." but I think this becomes a little circular because if the Minister is given good reason to believe that something is the case then it is only a matter of semantics as to causing someone to place information before. So that is still, if not directly, it is indirectly still acting on reasonable supposition.

MR. CHAIRMAN: Any further discussion on the clause under discussion?

(Pages 10 to 14 were read and passed). Page 15. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I move that Section 51 of Bill 87 be struck out and the following sections be substituted therefor:

Subsection 6(6.1) repeal, and sub.

51 - Subsection 6(6.1) of the Act is repealed and the following subsections are substituted therefor: Limitation on refunds on motive fuel.

6(6.1) The refund of 11 cents per gallon mentioned in subsection (5), applies only with respect to motive fuel purchased on or after May 17th, 1976 and on which the tax imposed under subsection 3(1) is 21 cents per gallon; but where the motive fuel on which the tax imposed under subsection 3(1) is 21 cents per gallon and the motive fuel was purchased prior to May 17th, 1976, the refund thereof shall be 16 cents per gallon and where the tax which had been imposed under subsection 3(1) is 18 cents per gallon, the refund thereon shall be 13 cents per gallon.

BILL 87

(MR. USKIW cont'd)

Subsection 6(6.2) added.

51.1 The Act is further amended by adding thereto, immediately after subsection 6(6.1) thereof, the following subsection: Limitation on refunds on propane.

6(6.2) The refund of 10 cents per gallon mentioned in subsection (6) applies only with respect to propane purchased on or after July 1st, 1976, and on which the tax imposed under subsection 3(9) is 18 cents per gallon; but where the propane on which the tax imposed under subsection 3(9) is 18 cents per gallon and the propane was purchased prior to July 1st, 1976, the refund thereof shall be 14 cents per gallon and where the tax which had been imposed under subsection 3(9) is 15 cents per gallon, the refund thereon shall be 11 cents per gallon.

MR. CHAIRMAN: The MOTION as moved. The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, in order to attempt to clarify and keep as clear as possible what is involved here I should point out that the amendment that has been moved does not have revenue implication, or more precisely I should say it does not have significant revenue implication, therefore what necessitates it is the fact that - two things really - there is need to be more precise with respect to refunds regarding off-highway use of diesel fuel or propane to insure that this will equate to the provisions of the Act when the purchase was actually made, taking into account the current change in refund as well as that occasioned by last year's amendments.

Then too I believe that this section is necessitated because of the coming into effect later this year of changes in the pricing of fossil fuel, and this effects off-highway use as well, as a result of the changes to be expected - already announced in effect with respect to both crude oil and natural gas.

MR. CHAIRMAN: Amendment as moved--pass. Page 15 as amended--pass. --(Interjection)-- Page 15, Section 53. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I move that Section 53 of Bill 87 be amended by striking out the words, figures and letter "P12 of the Revised Statutes" in the 1st and 2nd lines thereof and substituting therefor the words, figures and letter "64 of the Statutes of Manitoba, 1974 (chapter P12 of the Continuing Consolidation of the Statutes of Manitoba)."

MR. CHAIRMAN: Clause 53 as amended--pass. The Honourable First Minister.

MR. SCHREYER: I merely wanted to point out, Mr. Speaker, that amendment is non-substantive, it is drafting.

MR. CHAIRMAN: Page 15 as amended--pass; Page 16--pass; Page 17--pass; Page 18. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I move that Bill 87 be amended by adding thereto, immediately after section 66 thereof, the following Part:

PART XIII Amendment to The Gift Tax Act.

Sub-clause 11(1)(b)(ii) amended.

66.1 Sub-clause 11(1)(b)(ii) of The Gift Tax Act (Manitoba) being Chapter 10 of the Statutes of Manitoba, 1972 (Chapter G55 of the Continuing Consolidation of the Statutes of Manitoba) is amended by striking out the words "five thousand" in the 1st line thereof and substituting therefor the words "five thousand five hundred."

MR. SCHREYER: . . . this bill have a technical problem but I might address myself, Mr. Chairman, to the substance, and that is being recommended to this House in light of the fact that in the most recent Federal Budget provision is being made for the increase in the allowable Registered Retirement Savings Plan that will be tax deductible with respect to a spouse . . .

MR. CHERNIACK: Purchased for a spouse.

MR. SCHREYER: Yes, purchased for spouse under the RRSP sections of the Income Tax Act. That is being increased to \$5,500 and to make the Gift Tax Act of Manitoba, one might say standard and conveniently parallel, there is this \$500 adjustment.

MR. CHAIRMAN: The amendment as moved. Is there any further discussion on the amendment? Pass.

MR. USKIW: I move that Section 67 of Bill 87 be amended,

BILL 87

(MR. USKIW cont'd)

(a) by numbering the present section as subsection (1) thereof;

For the moment we're going to hold (b), Mr. Chairman, because it relates to the amendment that we're laying over for tomorrow.

(c) by adding thereto immediately after clause (c) of renumbered subsection (1) thereof, the following clauses:

(d) Part IX is retroactive and shall be deemed to have been in force on, from and after the 1st day of May, 1976;

(e) Sections 50 and 51.1 come into force on the 1st day of July 1976, and if this Act receives the Royal Assent after the 1st day of July, 1976, sections 50 and 51.1 are retroactive and shall be deemed to be in force on, from and after the 1st day of July, 1976;

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. CRAIK: Yes, can we get some explanation of the effects of the retroactivity under the parts that are made retroactive?

MR. SCHREYER: Mr. Chairman, I believe that primarily what the Honourable Leader of the Opposition is questioning has to do with Part IX of the Bill, and that is the Pari-Mutuel Tax Act and the reason for retroactivity to May, I believe it's May 1st, is that this has something to do with the racing season - I'm not an expert on the operations of racing but it's consequential to that.

MR. CHAIRMAN: The amendment as moved--pass. That completes that with the exception of the section we'll leave for tomorrow. The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I would, with leave, like to speak now to the remaining two amendments which have been circulated, try and outline the subject matter, the reasons, and if honourable members opposite are sufficiently impressed with the reasons that they would wish to give some signal that they wish to speak to it and deal with it this evening I would not be disappointed. In the event that honourable members are not so inclined we would lay it over for consideration tomorrow.

The amendments being proposed here have to do with a problem which is plaguing provincial and federal governments, I think for some time. Some provinces more than others it is true, but it is a practice which I am informed has become fairly widespread in all provinces now, although perhaps not of major magnitude. It is with respect to the problem of discounting of cheques receivable from the Crown in the Right of Canada or the Crown in the Right of the Province.

Now if honourable members had occasion to peruse Federal Hansard from time to time they will see that when asked by Members of the Opposition in the House of Commons as to what if anything can be done, the Federal Ministers invariably rise and reply and indicate their regret and indeed to paraphrase, they deplore the practice, but invariably thus far have indicated that it is something, a solution to which is not apparent.

There has been some rumour of very recent date that the Honourable Bryce Mackasey, now recently appointed Federal Minister of Consumer Affairs, has in mind some kind of action. Unfortunately the nature of that action is still not clear to us and in the meantime we feel that we have a proposal here which if not dramatic should come to grips with this abuse which almost everyone seems to deplore.

What is proposed specifically then is an amendment to existing legislation that would render an assignment by way of discount of a cheque receivable from the Crown to be an invalid instrument unrealizable or uncollectible by the assignee, and that should certainly cause any prudent potential assignee to stay clear of discounting that exceeds the amount that we are proposing in this amendment.

The reference right in the amendment is 95 percent, if the discount exceeds the five percent of the face value then it would be rendered invalid in terms of not being realizable or collectible. And if honourable members are curious as to what motivates that kind of particular approach then I could indicate that it is similar in principle of law to the I think, longstanding law of the Law Property Act passed back in the Year of our Lord 1936, so that the principle being proposed is obviously not new.

BILL 87

(MR. SCHREYER cont'd)

Coupled with that as a corollary is a provision which would make this kind of conduct an offence which has an administrative penalty clause, that upon summary conviction a fine of not less than \$1,000 or more than \$5,000 or to imprisonment for six months. Unless honourable members think that that seems to be draconian and harsh, it is similar to provisions that are in a number of places in our statute books, I should say not only here in Manitoba but in any jurisdiction, and as such I feel that viewed in perspective it is not out of perspective.

We propose that if passed that it not come into force on Royal Assent because there is need to do some further negotiation with the Government of Canada, particularly in light of The Honourable Mr. Mackasey's statement. In the event that we are ready, the administrative backup to this, and it is clear what the product of the negotiation with Ottawa is, then we would proceed to proclaim. So there would be a section here which indeed was in the amendment moved by my colleague which would put this into force on a date fixed by proclamation.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, first of all we would want to hold this over until tomorrow to have a look at it. Secondly, the First Minister made reference to the fact it applied to cheques from either the Federal or Provincial Governments or from the Crown, and the amendment appears to be restricted only to Income Tax, and I wondered if it would exclude then cheques - well if it's income tax it's just that one cheque which is a Federal cheque that would be discounted. He didn't intend by his comment to indicate that it was to include other cheques, receivable amounts for some other purpose from the Provincial as well as the Federal Government?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, it's quite understandable that this is being held over for further consideration. In the meantime, to reply to the Honourable the Leader of the Opposition's question, the very specific answer is that we are not dealing here with a refund of income tax in the most narrow sense but rather any cheque that is receivable under the provisions of the Income Tax Act - well maybe that's tantamount to the same thing. I am advised that this covers virtually all of the possible cases.

If the Honourable Leader of the Opposition is thinking of other cheques, other than those that would be received from Revenue Canada pursuant to the Income Tax Act, refunds, rebates, credits, etc., other cheques receivable from the Crown, well if it has to do with cheques receivable from the Crown on the Right of the Province, outside the ambit of the Income Tax Act then we would have to make that kind of change by way of general statute. But here my honourable friend will appreciate, we are dealing with amendments to the Income Tax Act.

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

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Chairman, I would like to ask the First Minister, has the constitutionality of this been checked out, has the province the right to interfere in the direct payment of Federal moneys to an individual?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well this does become a rather interesting point. It has been checked out, the Honourable Member for Birtle-Russell I'm sure is interested in the fact that if there is an unconscionable action taking place with respect to loans and high rates of interest, then clearly we could not as a province deal with that with respect to refunding of income tax because that comes under the Small Loans Act which is Federal Statute.

On the other hand, if it is not interest rates but rather discounting by way of purchasing at very great discount of a refund or rebate under the Income Tax Act yet to be received, then that is a transaction which comes under the general heading of property and civil rights and is under heading 12 or 13 of Section 92 of the BNA Act which is provincial. So that's a matter of interest. As to the constitutionality, we have checked it, we feel reasonably certain, but not completely, and that is why we are asking, in the event that this House sees fit to adopt the substance, even then we propose to not have it come into force on Royal Assent but on Proclamation which will enable time in which to have further discussions with the Government of Canada.

BILL 69

MR. CHAIRMAN: It is my understanding we'll set this over till tomorrow.

BILL NO. 69 - AN ACT TO AMEND THE LEGISLATIVE ASSEMBLY ACT

MR. CHAIRMAN: Bill No. 69, An Act to Amend the Legislative Assembly Act. I believe there are amendments. The Honourable First Minister.

MR. SCHREYER: Could we just by agreement have a three minute pause?

MR. CHAIRMAN: Agreed? (Agreed)

MR. SCHREYER: Mr. Chairman, in order to expedite proceedings it is proposed that we go through this bill then section by section rather than page by page, and we propose to move three amendments and have them dealt with this evening. The remainder of the amendments really constitute a package or a totality so to speak and we will not deal with those sections nor those amendments this evening but simply leave the bill at that stage in committee and not report it out.

MR. CHAIRMAN: Bill 69, An Act to amend The Legislative Assembly Act, Clause 1(c).

MR. CRAIK: Mr. Chairman, as indicated at second reading of the bill, we don't agree with the changes in this section of the bill. I think it was indicated there, the reasons, clearly enough why we are in disagreement with this particular section and we would like to have it reported that if it isn't approved, that it's approved on division.

MR. CHAIRMAN: Clause 1, on division--pass; Clause 2, subsection 19(3)--pass; Clause 2--pass; Clause 3--pass; Clause 4, subsection 59(2.1)--pass; Clause 4--pass.

MR. SCHREYER: Mr. Chairman, perhaps it would be just as well to indicate here that there is an amendment that will be moved at the very end of the bill which relates to Section 4. --(Interjection)-- Well there's no avoiding it, Mr. Chairman. I have to explain that even with the passage of Section 4, because of the technical problem, which the Honourable Member for Morris can perhaps vouch for, the Rules Committee this year did not somehow cause a resolution to be passed formally appointing the Deputy Chairman, therefore there is need to pass an amendment making Section 4 as just agreed to retroactive to February 12th, the opening day of the session.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, this particular allowance that will be made in this particular section is a new allowance for a member of the government. Whether or not the duties and responsibilities of the Deputy Chairman have changed may be open to some question. No doubt the formal designation of a Deputy Chairman is not in question. Perhaps, Mr. Chairman, that really all we're doing is creating the name formally by the Rules Committee but the allowance for this Deputy Chairman is a brand new allowance under the Assembly Act and this shouldn't go unnoticed at this time, that we have one more person now that is going to receive some sort of an emolument for duties in the Chamber.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, the Honourable Leader of the Opposition is quite right, except that it's not quite as casual as simply making a decision for no good reason to include the Deputy Chairman of committees for an emolument, in this case \$1,250.00. The reason is that when this House agreed, and I got the distinct impression it was concurrence on both sides, that we attempt to convene two committees concurrently - and indeed we have on a number of occasions - then that really did have the direct implication of causing the Deputy Chairman of committees to be more involved, have more direct responsibility than was the case under the previous arrangement where there were no two committees meeting concurrently. And I might add finally that the \$1,250 is exactly half of the emolument relating to the Chairman of Committees of the Whole.

MR. CHAIRMAN: Clause 4--pass; Clause 5--pass; Clause 6, subsection 66.2(1)(a)--pass; (b)--pass; (c)--pass; 66.2(1) in its entirety--pass; Clause 6--pass; Clause 7, subsection 66.2(5)--pass; Clause 7--pass; Clause 8 (b.1) sub-clause (i)--pass; sub-clause (ii)--pass; the Honourable Member for Birtle-Russell.

BILL 69

MR. GRAHAM: Just as a matter of clarification, the reference there is to the Provincial Treasurer, is it? Or by the treasurer of the educational institution?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, to trace that back, it would be necessary to look at the full Act; the Treasurer is defined in the Act as the Minister of Finance.

MR. CHAIRMAN: (b.1) in its entirety--pass; Clause 8--pass; Clause 9(a)--pass; (b)--pass; 69(2)--pass; 69(3) - the Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I move that subsection 69(3) of The Legislative Assembly Act as set out in Section 9 of Bill 89 be amended by striking out the figure "5" in the last line thereof and substituting therefor the figure "8".

MR. CHAIRMAN: The motion as moved. The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I suppose, to state the obvious, the purpose of this amendment is to bring the interest rate payable on these contributions into more realistic line. I think we can all agree 5 percent is not currently realistic.

MR. CHAIRMAN: 69(3) as amended--pass; Clause 9--pass; Clause 10 73(6)--pass; Clause 10--pass; Clause 11--pass; The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, this is the part that removes the restriction from judges and other people that were precluded from receiving the pension. Could you give us an indication how many people in total are affected by this?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I believe, although I certainly wouldn't vouch for it, that this affects two former members of this House, it may be more. I have rather taken the position rightly or wrongly that I really ought not to become aware to a specific case but rather to deal with it in the abstract principle. However I couldn't avoid knowledge of the fact that certainly there are two former honourable members to whom I think my honourable friend would acknowledge that this section has relevance, for example, the former honourable member for Dauphin, Stewart McLean and the now Senator, the Honourable Gildas Molgat. There may be a third or fourth, I'm not aware.

MR. CHAIRMAN: Any further questions? Clause 11--pass; Clause 12. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I move that Section 12 of Bill 69 be struck out and the following section be substituted therefor: Subsection 76(2) repealed and substituted. 12 subsection 76(2) of the Act is repealed and the following subsection is substituted therefor:

Reinstatement of former members. 76(2) Where because of the provisions of subsection 76(2) of the Act as it stood prior to the repeal thereof, a person had applied for and received a refund of his contributions pursuant to subsection 72(2), he may within one year after the coming into force of this section make an application to be reinstated as a contributor and become eligible to an annual allowance computed in accordance with subsection 68(1) if he repays the amount of the refund paid to him together with interest thereon at the rate of 8 percent per year compounded yearly, computed from the date of refund to the date of his reinstatement.

MR. CHAIRMAN: The amendment as moved--pass; Clause 12, as amended--pass; Clause 13 76(3)--pass; Clause 13 --pass; Clause 14 - The Honourable Minister of Agriculture.

MR. USKIW: I move that Section 14 of Bill 69 be amended by adding thereto at the end thereof the words and figures: "But Sections 3 and 4 are retroactive and shall be deemed to have been in force on, from and after February 12, 1976."

MR. CHAIRMAN: The motion as moved - any discussion on the motion? Pass. Clause 14, as amended--pass.

Tomorrow Bill 69 and Bill 87; Committee will rise and report Bill 88. Call in the Speaker.

Mr. Speaker, the Committee of the Whole has considered Bill 88 with amendments, reports same and asks leave to sit again.

IN SESSION

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

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

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW presented Bill 88, The Corporation Capital Tax Act for third reading.

MOTION presented.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSON: Mr. Speaker, I move, seconded by the Honourable Member for Riel that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I move, seconded by the Honourable Minister for Tourism, that the House do now adjourn.

MOTION presented and carried.

MR. SPEAKER: Accordingly the House is adjourned and stands adjourned until . . . Order please. Does the Honourable Member for Flin Flon wish to make an announcement?

COMMITTEE CHANGES

MR. THOMAS BARROW: Before the House adjourns, I'd like to make some changes on the committees, Mr. Speaker, with leave.

On Law Amendments the Minister of Autopac is replaced by the Member for Wellington. On Industrial Relations the same Minister, the Minister of Autopac is replaced by the Member for Churchill.

MR. SPEAKER: The House is now adjourned and stands adjourned until 10 a.m. tomorrow morning.