

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Tuesday, March 28, 1967

MR. SPEAKER: I wonder if I might, before we commence proceedings, direct the attention of the honourable members to the gallery where we have 98 4-H Members drawn from all points throughout the Province of Manitoba. They are taking part in a four-day conference at the University of Manitoba participating in 4-H matters and activities. They are under the guidance of the Provincial Department of Agriculture. On behalf of all the members of the Legislative Assembly, I welcome you all here this evening.

MR. LYON: Mr. Speaker, if you would be good enough to call Bill No. 56 first and then the Committee of Supply second. Thank you.

MR. SPEAKER: Page -- could I have the benefit of the page number?

MR. LYON: It's 21, Mr. Speaker. Bill 56, the Sales Tax Bill.

MR. SPEAKER: The proposed motion of the Honourable the Provincial Treasurer, Bill No. -- this is the adjourned debate on second reading of Bill No. 56. The Honourable Leader of the Opposition.

MR. MOLGAT: Mr. Speaker, I rise to support the amendment that is now before us to Bill No. 56 suggesting that it not be read now a second time but be referred for a later date, and I think that everything that has happened so far, Mr. Speaker, reinforces my view that that is exactly what the government should do. We need only listen to what the Provincial Treasurer has had to say to us, I think, to have the proof that the government is not ready in any case to impose this tax. He claims that he cannot proceed; that he has to delay the imposition of the tax at this time; and that he has had to inform his department to back it up by one week. The question arises: well, what is delaying the gentleman? Surely if it's a question of the regulations, he can proceed with the regulations at this time. What is holding him up on the production of the regulations? We've asked for them to be submitted to the House; the government has refused to do so. The government says to the members on this side: "Vote for the Bill but don't ask for the details. Don't ask what the impact of the tax is going to be, just give us a blank cheque and let us proceed."

Well, Mr. Speaker, the Bill that's presented to us, the government apparently has been thinking of it for some time; the regulations presumably will be pretty close to those in the Province of Saskatchewan to the west of us and the Province of Ontario to the east; and I don't know why they have to have the Bill particularly through the House to proceed with the regulations. If they are going to be based on what's gone on in the other provinces, they could produce those now. They can give them to the House. There's no delay there.

Where the real delay, Mr. Speaker, is the government doesn't even know itself what it wants to do. The government still apparently has not made up its mind on exactly how it intends to impose this tax. They've changed the name now on one occasion at least. The House Leader tonight brought it back to its proper name, the Sales Tax. But more than that, Mr. Speaker, there are other changes going ahead, changes of which this House is not made aware, changes that are going on within the Cabinet as a result of various pressure groups. They're appearing before them but not appearing before the remainder of this House.

Mr. Speaker, I make no bones at all about saying that I'm going to oppose this Bill all the way down the line, and if my honourable friend wants to construe that as obstructionism, that's his point of view. It is not obstructionism; it is seeing to it that the people of this province find out what this Bill means and the members of this House have an opportunity to know the impact of this Bill before we're asked to vote upon it, and the government so far has not been prepared to give us that information.

We hear through the grapevine, for example, that they are now going to change the tax on textbooks. Originally when we got the budget and the Bill, it was understood that high school textbooks would be tax exempt, but because there was nothing more said about other textbooks, for example those at the technical schools, those at university, there was no exemption mentioned for those, one could only assume that the government intended to tax the university textbooks and the technical school textbooks. I spoke about this some three weeks ago now; there was no reply from the government as to what they intended to do. We've asked the Provincial Treasurer before the Orders of the Day, on numerous occasions, details about these matters. He's said to us every time, "I'm not prepared to answer you now." I hear from the grapevine now, Mr. Speaker, that the government has changed its mind on the matter of school textbooks and that they are going to exempt the university textbooks

(MR. MOLGAT cont'd), . . . and the technical school textbooks. If they are, I approve of the change, but why not tell the House? Why not give us the details?

What do we find then, Mr. Speaker, in another area? I spoke about this when first speaking on this Bill, the question of the discrimination that was being applied to apartment block residents, the fact that under the Foundation Program the government intended to have a mill rate of 9 mills on private residences but 33 mills on apartment block dwellers. Again, Mr. Speaker, no statement has been made to the House. We know that the Cabinet has received representations. I understand that the people who approached them -- some at least were told that apartment block dwellers had been getting away with murder for years. This, I understand, was the statement of the First Minister. "They've been getting away with murder for years and it was time they paid some taxes," and so the government was proposing that there be this discrimination between straight residence and apartment block, one at 9 mills and one at 33 mills. Yet what do we find tonight in the newspapers? Again no indication to this House; no statement to the people who have been asked to vote on this, Mr. Speaker. We've been rebuked today by the Provincial Treasurer and told that they must vote on this; proceed now; don't discuss it; vote!

But are we told what the facts are? Is the government in fact going to make this change? We asked them to do it a month ago. There was no indication then from the government as to what they would do; there's been no announcement to this House; and yet we read in the newspapers tonight that the apartment block owners may have won their battle against increased assessment under the Provincial Government's new School Foundation Program. Mr. Speaker, why wasn't this House told? Why aren't we given the facts? Why aren't we given the details of what exactly the government intends to do? The facts are, Mr. Speaker, the government doesn't know itself what it intends to do, and yet they are pressuring the House to vote. Well, Mr. Speaker, I have no intention whatever of being pressured in that way because I think this House is entitled to have the facts and the information.

This afternoon the Provincial Treasurer told us that every week that the tax was delayed was costing three-quarters of a million dollars to the people of Manitoba. What a preposterous statement! Costing three-quarters of a million dollars to the people of Manitoba. Mr. Speaker, the statement is, or should be, saving the taxpayers of this province three-quarters of a million dollars, for every week that apparently my honourable friends don't get the tax that they so dearly want on the statute books means that the taxpayers are not shelling that out. That's what it means, not a cost to the people of Manitoba as the Provincial Treasurer was attempting to prove to us. So I say to the government, if you don't know yet what you intend to do on this tax bill, if you don't know whether you're going to tax textbooks or not, if you're going to tax apartment block dwellers or not, and exactly what your regulations are, you have no business asking this House to support the Bill or to vote on the Bill. Bring out the information. Tell the House. Maybe even tell your backbenchers what exactly are the plans, and then the Bill can be discussed in here on the basis of its merits.

Further, Mr. Speaker, insofar as the urgency of the Bill as claimed by the Provincial Treasurer, what urgency is there in fact? Has the government really proved that it needs that money by the 1st of June? What about the fact that 19 school divisions voted against the single-district plan? The government has said that they are not going to get any increase in their grants; they are going to remain under the old program; they will not have the benefits of the Foundation Program. The Foundation Program, as I recall the figures, was going to be something in the order of \$95 million as compared to some \$63 million under the past program. This was the reason advanced by the government why they needed the sales tax. This is the reasons why they dubbed it in its original state "the Education Tax".

Well, Mr. Speaker, 19 of the 33 divisions have turned down the plan. They are not going to get the extra tax -- or the extra grants. They're going to pay the extra tax but they're not going to get the extra grants. But the overall result will be that the province will have to put out a good deal less money than they would be putting out if all of the divisions had voted, and we had the assurance of the Minister of Education that they anticipated that all of the divisions would vote for it because that specific question was asked of him very early in the debate as to what he expected. He said that he expected that all would support it, but now substantially more than half have not supported it. Well, I recognize that this doesn't represent one-half of the children of the province. According to the figures given us by the gentleman opposite, about 80 percent of the children in the province will be receiving the extra grants and some 20 percent of the children will not.

(MR. MOLGAT cont'd)....

Well if we assume that this is a reasonable guide as to the costs, can we fairly assume then that instead of \$95 million it should be 95 million less 25 percent or 20 percent? If 80 percent of the students are covered and 20 percent are not, 20 percent of the students are not going to get the extra grants, is it reasonable to assume that 20 percent of the 95 million will not have to be spent by the government this year? If that is so, this means something in the order of \$20 million that will not need to be expended because these areas did not support the program. It may not be a full 20 million, let's assume that it is somewhere between 10 and 20, but still a very sizeable amount less than the proposed budget, Mr. Speaker, and so the government will not need in the course of the year the amount of money that it claims.

What about the amount of money the government actually said was going to be available from this particular source. We were told that in the course of a full year we could expect something like \$45 million from this sales tax. I question, Mr. Speaker, the accuracy of that estimate. I think that when we look back at some of the previous budget estimates of my honourable friends we have every reason, and the taxpayers of Manitoba have every reason, to question the accuracy of the tax estimates of this government, because we need only go back to the session of 1964 when the government brought in its mini-sales tax - the small sales tax that was supposed to keep us away from the big sales tax - and we were told then that it would bring in something in the order of \$22 million, and yet after lopping off some of the taxes in that particular proposal, for example the real estate tax, and making some changes in it, the government received substantially more from that source of revenue than had been indicated to the House.

What about this tax now - the government says \$45 million in the course of one year. Well I have before me the budget speech of the Province of Saskatchewan for last year. That province indicates that in the course of 1966 and 1967 from its sales tax, its anticipated revenue was \$46,170,000 - 46 million in the course of the one year. But, Mr. Speaker, this is on a sales tax that has been reduced from 5% to 4%, because in 1965 the Government of Saskatchewan made a reduction in its sales tax - in February of 1965. And yet for 66-67 on a tax that is 20% lower than the proposed Manitoba tax, they estimated revenue of 46 million. The Province of Saskatchewan has roughly the same population as we have. I would think if anything that our purchasing in Manitoba is probably greater than theirs because we have a lot of people who come to the Province of Manitoba from say northwest Ontario, from United States, many come from Saskatchewan to purchase in our province; so while I cannot prove these figures, I think it is reasonable to assume that probably the total items that are taxable, probably are purchased in larger quantity in Manitoba. So we could assume that on a similar rate of tax we should at least get the same amount of money if not more. Yet if we were to take the Saskatchewan tax and work it out at 5% rather than 4% we would find out that in the course of a year the Province of Saskatchewan would get approximately \$50 million on a 5% tax, 5 million more than what the government of Manitoba is prepared to say. But, Mr. Speaker, the exemptions in the Province of Saskatchewan, insofar as we have been able to determine so far, from the information given to us by the government, the exemptions are substantially greater than the exemptions proposed by this government.

My honourable friend the Provincial Treasurer shakes his head. Mr. Speaker, who told us in the House when he introduced this Bill, that the Province of Manitoba had gone further in the taxing of services than other provinces in Canada? That was his own statement. The Province of Manitoba had gone further in the taxation of services than the other provinces of this country. Does Saskatchewan for example have a tax on laundry and dry cleaning? No. Does it have a tax on shoe repairs? No. And how many more, Mr. Speaker, that we don't know yet, because my honourable friends haven't see fit to advise the House exactly what their proposals are. So we are faced with - from the statements of my honourable friends themselves - a tax that goes further into taxing services than other provinces do and yet they claim that it's going to bring in less in revenue than other provinces are getting. Mr. Speaker, this just doesn't add up. If the Province of Saskatchewan on its basis would produce something like \$50 million out of a five percent tax, with a lower tax or less services being taxed, I would like to have the explanation why it is that the Province of Manitoba is only going to get \$45 million. I think that there is a substantial underestimate, Mr. Speaker.

So we have in this field alone then, less expenditures than what the government originally said there would be and I think more revenue than the government claimed there would be, and so what is the urgency, Mr. Speaker? Why is it that this matter cannot be discussed fully?

(MR. MOLGAT cont'd).... Why is it that all the information cannot be brought into this House? Why is it that the regulations are not available? Why is it that the people who make representations to my honourable friends, some of whom are listened to, cannot appear before the other members of this House and make their case with those of us who are being asked to vote on this? Mr. Speaker there is no urgency. The urgency exists in my honourable friends' minds across the way.

There are other reasons, Mr. Speaker, why the government should be producing now the details of the tax, should be giving the full information to everyone who is involved. All of the municipal people for example are going to be faced with budgeting; they have to prepare their budgets for the year. I understand that the Metropolitan Council of Greater Winnipeg has convened a meeting for next week asking all of the municipalities of the area and the school boards of the area and all others who are interested, to meet next Wednesday the 5th of April, to discuss the impact of the sales tax on municipal corporations. Surely if this is going to be done in an intelligent way, the facts should be available. All that is needed is for the Minister to get up on his feet and give us the facts. There is no need for the Minister to wait until he closes the debate as he claims. He had an opportunity under the amendment that I proposed to make a speech. He has the opportunity under this amendment surely to make a speech. Surely he can't claim that if he's defending this Bill and the members on this side of the House are attempting to kill this Bill by this particular motion, surely he can get up and give us the reasons why the bill should be defended. Surely the reasons for doing that are the details, the regulations and the impact that this Bill is going to have, but so far the Minister has not done so. So far, he wants us to vote without the facts. Mr. Speaker, I submit that in the interests of everyone concerned the facts should come out. Surely if a meeting like this one of next week is coming up the municipal people should know what the impact is going to be.

Does the government really intend to proceed with what we can only assume to be its present intentions, to tax the goods purchased by municipal corporations? Is it for example, going to tax say the buses that are purchased by the Transit Commission, buses that cost something on the average of \$35,000 each, with a five percent tax, an extra \$1,750 per bus, at a time when the Transit Commission is already having great difficulties to meet its costs when in fact its been running under great difficulties. Does the government really intend to proceed with this or has the government decided secretly as it apparently has in other areas to make some changes? The House has not been advised.

What about all the other municipal costs, municipal purchases, will the government be taxing these? Or are they going to change their minds on that. Are they going to persist on saying to municipal corporations, yes we want to help the home owner, we want to see a reduction in the home owner costs and on the real estate tax, and we're doing something in that field; but on the other side we're going to see to it that the municipal corporations pay a sales tax on their purchases. And the only way that they can collect that of course, because they have no other source of revenue, is to put more tax on the home owners once again.

What about the hospitals of the province Mr. Speaker? We had a debate on this some-time ago. One of the hospitals eventually had to deal directly with my honourable friend the First Minister to resolve their problems, to meet their budgets. Yet the government apparently is going to tax them another five percent on their purchases. Or, have the government changed its mind on that? We have no means of knowing on this side of the House, Mr. Speaker, and I have no intention of supporting a Bill on which we don't have the facts. And I have no hesitation whatever in telling my honourable friend the Provincial Treasurer that all his pleas about moving along with the Bill are going to fall on deaf ears until such time as this government is prepared to give some information to this House and to the people of this province.

MR. SPEAKER: The Honourable the First Minister.

MR. ROBLIN: I suppose that it's fitting that I should commence with the time honoured observation that until I'd heard my honourable friend remarks I hadn't intended to intervene at this stage in the debate. My colleague has been champing at the bit here to get into this discussion and perhaps he'll have his little turn later on tonight. But I did want to make one or two observations because I think that one thing is true, that whether the honourable the Leader of the Opposition gets all the information he thinks he ought to have or thinks he needs or whether he doesn't; or whether he approves of any changes we may make or whether he doesn't; or whether we surely surely surely will produce all the facts that he asks for - I know one thing to be perfectly clear and that is under no consideration and under no pressure of logical reasoning will he bring himself to vote for this Bill. One thing he won't do is vote for this

(MR. ROBLIN cont'd). . . . Bill in any pretext whatsoever. And you know that's his right; he doesn't have to vote for the Bill because he has no responsibility. Oh yes, he has some responsibility, he has the responsibility to oppose - that after all is one of the tasks of the opposition. But it's also I think a responsibility of the opposition not only to oppose but if you're going to oppose a measure of this size, a measure of this kind, a measure which is dealing with such a large percentage of the financial business of the province, \$33 million or more, the least you can do, if you're going to carry any conviction in this House or elsewhere, is to say what you would do if you had the responsibility. And I've not heard him say what he would do. All I've heard him say is that he isn't going to vote for the Bill, and he parades all kinds of irrelevant material to back up his logic in this respect. He talked about apartment blocks. He knows that's got nothing to do with the principle of this Bill, it isn't mentioned in this Bill in any way. It's in another statute and we'll be debating that when he comes to it, but he thought it would be a good idea to drag this in because there was a headline in the newspaper tonight so he drags it in.

But one thing that I'm perfectly convinced of, that he won't vote for this Bill no matter what my honourable friend tells him about it, no matter what information we bring out, no matter if we did all the things that he wants us to do, every item, I don't think he'd vote for this Bill, because he is just plain going to oppose it. And I suppose that's natural and normal and something that you'd expect him to do. But let him not come and parade here any attempt to give us a logical justification for what he's doing; let him honestly say I'm going to oppose it; I don't care if it's good I wouldn't like it; I'm not going to vote for it. That really is what he thinks, that really is his policy, that's his attitude.

He says for example that you don't need this sales tax now. Mr. Speaker, would anyone in his right mind bring in a sales tax if he didn't need it? I ask you. Merely to pose the question illustrates what an absolutely incredible remark that is. What an incredible basis for policy that is. You don't need it he says. Why do you bring in a tax measure which will probably be the most unpopular tax measure we've heard of for some time, if you don't need it. Now I ask you, only the compulsion of events, only the compulsion of facts which we have to face but he doesn't, these are the only things of course that would compel us to bring in a taxation measure of this size. Oh he says you don't need it for the schools after all, you're going to save \$10 to \$20 million. Mr. Speaker, how could my honourable friend bring himself to make such a statement as that. Surely he must know - I'm using his words, I guess he's got a monopoly on that surely - but surely he must know that that can't possibly be true; not is it true. The savings that will be made if you want to describe it in that way in the 19 divisions that didn't vote to go into the unitary system are very very small indeed, very small indeed. Does my honourable friend assume they're not going to get any grants? Well of course they are. They've got a foundation program that they're getting now and that's got to be paid for. Those foundations grants go up as their costs go up and the idea that there is 10 or 20 or even 6 or 7 million dollars or anything like that available because of this vote is absolutely out of the question; and anyone that would stand up in this House and say we don't need a sales tax because they didn't vote "yes" in the 19 divisions or that you can cut your sales tax out because of that is somebody that certainly hasn't thought about the problem very long; and is somebody who certainly hasn't examined the figures given to this House by my colleague, the Minister of Education, to analyze their impact and their meaning. It's just the most regrettable rodomontade I've ever heard. That's the kind of thing that you get up on the stump and say when there's nobody there to contradict you. That's what you do. That's the kind of speech my honourable friend makes when he's up in Ste. Rose and there's nobody around to say this isn't right. But he can't make it here and get away with it because it isn't right. It's nowhere near the truth and if my honourable friend had - I almost said a brain in his head, but that would be rude, he's an intelligent young man and I want to give him credit for intelligence, if he would use it; but as he hasn't used it in this case, it really leaves me in a quandary to know how to answer a thing like that.

But he's very good; he's very good at mathematics. He said, well, even if you do bring in this sales tax you certainly haven't got the right amount. You're going to get a lot more. Well, you know I would be less than honest if I didn't say I hope he was right because the way the schools bills are going and the way the hospital bills are going we're going to need it. I hope he's right. But you know in making his calculation he entirely overlooks the fact - he referred to it, he didn't put it into his calculation - that we've been collecting more than 12 million dollars on other forms of sales tax that we've had before that he's told us about. You

(MR. ROBLIN cont'd). . . . better add that to the 44 million if you want to get the total that we're collecting in this province, through this method of taxation. Why don't you add that in? Don't you know about it? I'm sure you do. But you can't get away with that kind of mathematics here, you've got to add them in; and if you expect anyone to believe the figures you're giving you'd better give the whole story.

So we're told that we don't need this sales tax; we're told that because of the school vote it's unnecessary, and we're told that anyway if we do impose it we're getting far too much and there's no rush. Well I don't know about the rush. I do know this though that we have to pay the bills, sales tax or no sales tax. I do know this, that the wages for the people in the hospital system have to be paid. And what's the extra cost this year alone for hospitals, for the sales tax that we don't need that's going to help pay for those? Some 12, 14 million dollars, that's what it is. Now those people are going to expect to get their wages paid on the 1st of June and every month thereafter. If we don't have the sales tax money to pay for it we're going to have to go out and borrow from somebody or do some interim financing because this money is required. And we have to pay out the school grants. What is the extra cost for education in the Province of Manitoba in this one year alone? Well, it's more than that, it's \$37 million, that's the gross figure. Now there are certain added payments from Ottawa that you subtract from that. We're not sure exactly even at this moment what they are, but even take them at their most optimistic - take the most optimistic figure you conceive of in this respect and deduct it from 37 million and you're still going to need in the 20 millions or perhaps up to the 30, I'm not clear, for us to pay to the schools and the educational system in this province -- and not just the public schools - public schools are getting 12 or 13 or \$14 million more - but the university and the technical and vocational educational system and all the rest of it -- there is going to be required 30, 35 million dollars more net for schools and hospitals alone. And he said he doesn't need a sales tax. Well, my honourable friend the Member for St. Boniface can make his usual contribution with respect to that problem if he wishes, but I'm not making any reference to it in what I have to say here now.

MR. DESJARDINS: Separate schools.

MR. ROBLIN: No, I think that matter has been thoroughly debated on many occasions. . .

MR. DESJARDINS: You're not worried about those people . . .

MR. ROBLIN: Well, my honourable friend should just restrain himself and allow me to continue. . .

MR. DESJARDINS: You're doing fine.

MR. ROBLIN: I know I'm doing fine, much too well for my honourable friend's peace of mind or else I wouldn't be hearing from him.

MR. DESJARDINS: Touché, touché.

MR. ROBLIN: You know it works both ways. When he gets going over there and he gives me a jab or two usually he gets a squawk out of me; I come to the surface and I make some remark about him and I find that when I'm getting to him he usually comes to the surface and he interjects himself into the debate. I don't object to that, it's part of the give and take. But I always know when I score and perhaps my honourable friend thinks the same.

MR. DESJARDINS: When you score. . .

MR. ROBLIN: But in any case you have to admit -- Well now I'm making the speech, you just be quiet for awhile.

MR. DESJARDINS: I'll be quiet the way you are. I'll be quiet the way you were.

--(Interjection)-- You're wrong, Duff, you're wrong. You're wrong, you're wrong and you're wrong.

MR. ROBLIN: You're sure of that now, are you?

MR. DESJARDINS: You were wrong before and you're wrong now.

MR. ROBLIN: So this business of saying we don't need a sales tax is just the acme of wishful thinking. I'd love to think that we didn't need it myself; but there it is, the bills are there and they've got to be paid for. And basically it's schools and hospitals, and you can't avoid it; and my honourable friends over there can squirm all they like and say they're not going to vote for it, and that's their privilege because they don't have to face the facts, they don't have to be responsible in that sense. We have to do that and we have to see the bills are paid, we have to see that the measures are put before the public in order to pay these bills. And I don't expect the public to like it. Who likes a tax? Not me. I don't expect the public to like it. But I expect the public to accept it because they know their responsibilities to provide for the wherewithal to run the province as well as I do. They weren't born yesterday;

(MR. ROBLIN cont'd). . . . they know that these bills have to be met, they know that these bills are by and large bills that they are prepared to pay for. They don't want the hospital system to close down and they don't want the schools or the university to be strangled or to be cut off because the money isn't available. They're going to be not happy to pay it but willing to pay it because they're good citizens. And I'm not afraid to go out on any platform in this province and defend the sales tax in terms of paying for schools and hospitals because that's what the money's needed for. And honourable gentlemen opposite can decline to vote for it, I don't mind about that; they're going to get their facts; they're going to get more facts than they're liable to be able to digest if my honourable friend makes the full speech that I know that he has. They're going to hear all they want, they're going to hear far too much, but they're still not going to vote for it, because they think that it's good politics not to. They're opposed to the tax; it's good politics. All right, I don't object to that; that's the way the game is played I suppose; but let's be clear about it. It isn't any high minded attitude that really informs the speech of my honourable friend, it's how can I make the most trouble out of this how can I make the most trouble out of this, how can I get the political knife in in this respect? The government have to raise tax money to pay for the schools and hospitals, but thank God I'm not responsible. I can sit on my side of the House, raise Cain about it, vote against it, go out on the platform and tell the public what a good fellow I am and what terrible chaps these taxes are on the other side. Now, let's face it, that's what he's going to do, we all know it, let's recognize it, let's be candid about it.

I'll come down here to some of the things that are really important. Without a sales tax the revenue will not match the expenditures. I don't care how you squirm, they won't match the expenditures. You want the expenditures - I haven't heard my honourable friend say we shouldn't spend any money - on the contrary, he wants more money spent; but if he wants just to spend the money that we're proposing you can't do it without some form of taxation and the sales tax provides the money in the best possible way that we can find. We knew this was coming, we went to the tax conferences in Ottawa last October, we were told as plainly as plainly could be what the situation of the provinces and their municipalities was going to be - a very bad one - that we were going to lack millions of dollars that we needed to run our affairs. That was forecast by the Federal Government and their staff and ours working together. We know that, that was put before us. And it was made clear at the same time that the reason for this bulge in expenditure was schools and hospitals just as we found it here.

So what do we find? We find that in Newfoundland they've got a sales tax, they've raised it to six percent; in New Brunswick they've raised it from three percent to six percent; in the Province of Quebec they've had to raise it to eight percent; in the Province of Ontario they're budgeting for a deficit of up well between one and 200 million dollars; in the Province of Alberta they had a \$100 million deficit and they're estimating another very large deficit of that kind in the coming year of some \$60 or \$70 million. So the provinces are all in the same boat and we're not going to get out of this boat and we're not going to have a really satisfactory solution to this question until the governments of this country, both Federal and Provincial, get together and determine their priorities, determine not to have new programs that cost large amounts of money that they can't pay for and determine how to fairly share the taxing system.

Now we're told delay, we've got the Carter Report. There isn't a single word of comfort in the Carter Report for a Provincial Treasurer; not one, not one. Carter is not opposed to the provinces. He says to Ottawa if you take money away from the provinces in one form you should give it back in another, but he doesn't get into the question as to what the division ought to be - there's no comfort there. And we read in the paper only today that it'll be 1970-'71 before we can expect to see the Carter Report implemented; and right here today we haven't any idea of what form that implementation will take; nor have we any idea as to how we're going to finance the Province of Manitoba in those years without some particular changes in respect to this whole problem and taxing the question of priority. And those who say borrow - my honourable friends the CCF say borrow - (Interjection)- I apologize, the New Democratic Party, I get carried away because I remember how faithfully the CCF Party in Saskatchewan supported the sales tax there, how when they came in they found it was a two percent sales tax then they raised it to a three percent sales tax, then they raised it to a five percent sales tax and we didn't hear any story from the Premier of Saskatchewan in those days about what a vicious, unconscionable unprincipled wholly intolerable tax the sales tax was; but they had it in Saskatchewan all these years. Maybe he gave some private advice to my friends opposite

(MR. ROBLIN cont'd).... when he was out of power in the province and didn't have to worry about these things any more to tell them that maybe they should take a crack at the sales tax, that when he was there he found it to be an entirely acceptable way of financing the Province of Saskatchewan and they had it there for years before we did here. I would have thought that somebody on the other side would have said, "Bravo, Roblin, at least you held it off all these eight or nine years in spite of all the prophesies to the contrary", which is right. But we're in it now, we must have the money because we have these education and hospital bills to pay; that's the problem that we're facing. I told you where the extra money's being spent. The Honourable gentlemen opposite say we don't need it. All right, if we don't need it, tell us where we're going to find the \$33 million cut that you're asking for. At least my honourable friends of the New Democratic Party had an alternative, they wanted to go out and borrow. They don't seem to realize that we are borrowing; we're going to borrow \$8.8 million on our own account for the dead weight debt of the province in the coming year, 8.8 million. We are also having to borrow - and get these figures, because they were in the budget - \$67 million for Hydro, \$20 million for the Manitoba Telephone System and \$5 million for the Agricultural Credit Corporation.

Now it's perfectly true that all these latter sums are not a charge on the taxpayers of Manitoba, they are self-supporting, and they're run on businesslike commercial lines and we don't have to worry about paying the interest on them, that's done in the normal way by their customers. But what has to be remembered is that this sum which is well over \$100 million to be borrowed by the province or by its corporation, all comes out of the general amount of credit that is available for this province, the amount is not unlimited, and to add to that \$100 million, \$33 million to borrow for schools and hospitals for operating expenses would in my opinion be a burden that the market would not support. It certainly would not support it, because there are limits to what a province can borrow even if they wish, and it seems to us that it would not be good finance to borrow that money now when the market will not absorb it readily and particularly to borrow it when we do not know that there's going to be any solution to the problem we face in 1967, in 1968, in 1969 - all those years are dead years as far as our present information about Federal-Provincial relations and the Carter Report is concerned. We can't borrow for three years. What's it going to be like next year? We must look ahead and we're going to need much more than that if we're to follow this borrowing policy next year.

So it seems to me that it is quite clear that we need the money. We wouldn't be asking for it if we didn't.

MR. DOERN: What about income tax?

MR. ROBLIN: All right, what about income tax? Supposing you take the income tax situation here, take the alternative taxes. What would we have to do to raise \$33 million with a personal income tax? We've already got a surcharge on the personal income tax and we'd have to increase that five times to get 33 million - five times - figure out how that would fit in the relationship between the various Canadian provinces; - and take the same reasoning for corporation taxes, 21 times the surcharge that we're charging now in corporations. If you wanted to deal with the whole tax, the whole corporation tax, income or personal tax, you wouldn't have to increase it by those amounts but you'd have to double it. Does anyone think that's the right solution in these days? I certainly don't and I don't think that it would be a practical policy for us to follow. I think as my honourable friend the Treasurer illustrated when he was speaking on this matter, that any other combination has further disadvantages, in our opinion, with respect to the economic growth of the province than the tax measures that we are proposing here.

Well, we're in good company in the sales tax. The field is getting a bit crowded. Everybody is in it now except the Province of Alberta. We're the second last man out, and other provinces have found that it can be imposed and still represent a tolerable burden for the economy in general and for different types of taxpayers in particular. How is it that the Province of Saskatchewan has managed all these years if the sales tax is so deadly? How is it that the other provinces have managed if the sales tax is so deadly. The point is that it's just a form of taxation which is under certain circumstances the one that should be recommended.

But what I like about the Leader of the Opposition is that he's a great man on the tax-somebody-else-school. He knows all the people who should be given exemptions. He doesn't say what he thinks about it but he wants to know: what is the government going to do about this;

(MR. ROBLIN cont'd). . . . what is the government going to do about that. Well, by and large, the structure of our taxation policy is set out in the Bill and anyone who can read English can read the Bill. Now it is true that there may be some variations in that. Textbooks were mentioned. I daresay we will. I myself would like to see that changed. If we didn't change the textbook situation my honourable friend would be on us like a ton of bricks because we're not flexible. "Oh," he says, "you're rigid. You won't pay any attention to anybody." If we change the textbook regulations, he'll come down on us just like a ton of bricks and say, "oh, you don't know your own mind. You're weak; you're vacillating." You can't win on that situation, can you? But I don't really pay much attention to what he says because I know that he's just talking politics over there; that's all he's doing. And he's just talking politics and he's just going to keep on doing that as long as he thinks the traffic will bear it, and so I guess I just might as well get used to that.

MR. MOLGAT: Just give us the facts.

MR. ROBLIN: You've got all the facts all right, and you're going to get a lot more too before we're through. And you know what particularly amuses me is the fact that these are the gentlemen opposite that don't want the tax and say it isn't necessary, and you know all you've got to do is leaf through the Order Paper and look at the resolutions they've got for the spending of money, and it's a joke. They read through the Order Paper and the resolutions they have for the spending of money, It started out with the Honourable Member for St. Boniface. I feel sure we're going to get a speech from him on this subject so I'm going to give him something to talk about. I'm going to let him talk about hospital costs because he's an expert on that and he blithely informed us, if I got him correctly, that we should accept the request for a 20 percent increase in hospital accounts for this one year. He shakes his head. Well, if he didn't say that I give him credit for not saying it, but he left me with the impression that we should give the hospitals what they want. Cut out this argument; cut out this penny-pinching; cut out this examination of budgets; give them what they want. And he has got a resolution here that asks, that criticizes us for failing to provide the necessary hospital personnel for the staffing of hospitals. He told the Minister that he was niggardly. I've been accused of interfering in the General Hospital. All I did was bring the two parties together and they're settling the matter themselves without any further assistance from me. --(Interjection)-- I'm not referring to you all the time. This time I'm talking about the Honourable Leader of the Opposition.

MR. DESJARDINS: Just so long as we get it straight.

MR. ROBLIN: I really can't say that I pay that much attention to what my honourable friend says but if I can't think of something else I can always get a rise out of him pretty easily, as a matter of fact, . . . no trouble at all, but he wants us to spend more money for hospitals, but he's a piker. I don't know. That's about a \$12 million touch, incidentally. Somebody that's good at figures could add this up - \$12 million from the Member for St. Boniface; but he's a piker. Sitting next to him is the sage, the sage member, the grey-haired, philosophical, the cracker-barrel member from Gladstone-Neepawa, the . . .

MR. DESJARDINS: Wouldn't you like to have him on your team.

MR. ROBLIN: If we had him on our team, if we had him on our team I certainly wouldn't be any party to his bringing in the kind of a resolution he brought in here the other day, telling us what we should do about providing hospital and dental and medical facilities in Manitoba. How many million dollars is that going to cost us? We're spending 70 or 80 million dollars now and he says that's no good; all these towns in Manitoba should have a doctor in them, and a dentist in them, and all kinds of health services and drugs, and maybe they should; but let's add up the bill on that one. Oh we don't want a sales tax; we're not going to vote for more taxation; but just ask us how to spend the money and oh boy, we can show you a thing or two about that. No trouble whatsoever. Then we go on to the Honourable Member for -- here we are. This is what he said: "to establish a policy that will guarantee adequate medical and dental services and accommodations in these rural areas." Now if you ever heard of an open-handed proposition, that's it. He's . . . but God knows what the Bill is; we only know that it's millions of dollars. He's one of the best spenders over there. He talks a pretty -- he's close-mouthed; he talks a pretty close fight, you know, when it comes to a nickel here and a dime there, but you've got to give him credit. He really is a man of big ideas and he can come across with the very best. I can't hear what he's saying but I'm sure it's as amusing as he usually is.

Now we will go on to some of the other members here. The Leader of the Opposition;

(MR. ROBLIN cont'd).... he wants us to build a road to Churchill - that's a 10 or 20 million dollar job. He's got company here. I think the Honourable Member for Churchill would kind of like that too. But we've got 10 or 20 million dollars to find if we do that kind of thing and we certainly can't do it right now. But the Honourable Member for Portage la Prairie, he's got a good one. He says that during the election campaign I promised to assist young married people to acquire homes of their own. Well I don't really recall having said anything precisely like that, but if I did ...

MR. JOHNSTON: Mr. Speaker, on a point of order. If the Honourable Premier would like me to quote his words I have them in my desk.

MR. ROBLIN: Well you may quote what somebody said about me but I'm not so sure that you can quote my words on this. But anyway, he's in favour of that himself and he wants us to do something about that. The Honourable Member for Hamiota wants us to lend low interest money to have artificial ice rinks. That's, I call, a dilly. That's really a splendid, constructive, statesmanlike proposal that we've had from that honourable gentleman. And you could go through this thing here and you could find all these plans to spend money that the Liberal Party had suggested.

Now, I used to be critical of the Leader of the NDP for being a good spender, and maybe he still has some pretty good ideas for spending, but I never heard from him - and let's give him credit - I never heard from him such a mishmash of expensive propositions as we got from the Liberal Party this time. It's really quite a sight to behold. And here we have the Leader of the Party, knowing that his members have put these items on the Order Paper, fully prepared to vote for them, fully prepared to endorse them, having made some pretty good suggestions himself, telling us "No sales tax. We don't need the money." Well he's going to continue to talk out of both sides of his mouth all over the Province of Manitoba between now and the next election. He's going to tell the people of Manitoba, on one hand, "These terrible taxers; these awful people with their sales tax. Just put me in and there won't be any sales tax, and furthermore, we're going to build that road to Churchill. And furthermore, we're going to pass all these resolutions to spend money, "-such as the honourable gentlemen behind him have put before this House and before this Assembly.

Well, I suppose that I can't really claim that I have said anything tonight that hasn't been said before, but I think that having heard repeated, ad nauseam, the opposite points of view from the other side of the House, I think I've done pretty well to restrain myself to this stage in the debate before taking part in it and it's been a contribution which has been pretty well on the spur of the moment, but I certainly couldn't let the lap logic, the lap logic, the two-faced, if that is a parliamentary expression, Mr. Speaker, the two-faced attitude being assumed by the Liberal Party and by its Leader in particular: Spend on one hand; don't tax on the other. And a man that hasn't given us a single suggestion as to what to do except don't tax. I'll say as much for the NDP, at least they know what their policy would be; they've got an alternative. Not my honourable friend. He doesn't want to borrow. He doesn't want to tax. He only wants to spend, and then he wants to say, "I'm not responsible. Don't blame me." Well he can't get away with that indefinitely in this province, I want to tell him.

Well Mr. Speaker, these are the essential points that I wanted to make right now and to impress upon the House my conviction that although I don't like the sales tax and I wish to goodness we didn't have to have it, to be quite frank about that, and I don't expect to win any popularity prize, still facts are facts and bills have to be paid and responsibility has to be assumed. That's what we're going to do. And I think we are entitled, perhaps not to agreement, because that's too much to expect from parties in opposition, but I think we are entitled to a little more level-headed, a little more realistic, a little more statesmanlike - if I can use that expression - approach to this problem of financing the affairs of the government of Manitoba. You approve of the spending, it therefore follows that you've got to find the money. We propose the spending, it therefore follows that we've got to find the money, and we're doing our best to do that. I think it would be a mistake to give this Bill a six months hoist, and I want to say that if my honourable friend gets a chance right now, as I invited him to do, he can give this House some further information on the measure that is proposed.

MR. SPEAKER: The Honourable the Provincial Treasurer.

MR. EVANS: Mr. Speaker, if my honourable friends across there have a pencil, or several of the, and lots of paper I shall try to oblige - and I tell my honourable friend across, because of his abysmal ignorance of the rules of debate, he doesn't know that this is the first opportunity I've had to provide the information; that he gave it to me by the motion that was introduced here for a six months hoist. I am now going to proceed to deal with the general principle of the Bill because I consider it to be at stake in this motion, the six months hoist. I think it's a matter of want of confidence in the government, and by knowing the eager desire on the other side of the House to have information on this subject, I feel sure they'll agree with me that should my discourse last more than 40 minutes that they will probably not try to cut me off in providing the information that I hope to give you tonight.

I said in the beginning, I think in my introductory speech, and I have said so repeatedly in the House on questions that were asked me from the other side, I have said privately to individual members and leading individual members of the opposite side that I would provide all the information I possibly could and I would provide it on closing the debate, and so I am taking this other opportunity to provide the information at an earlier date than I otherwise would be able to because of the extremely protected nature of the debate on the other motion. I think it is right that I should provide this information and I'm happy to do it. I'm going to try to do it in great detail. I'm afraid that I have a long dull speech for you, but you asked for it, and all I can say is you're going to get it.

I'm going to say something else too; that we have studied all of the questions that were asked; we have studied all of the submissions that have been made and the very many interviews that I have had and my staff have had and the many delegations that have waited upon us; and we are open-minded in approaching an important matter of this kind, and my honourable friends will find that I am going to propose in Committee at least three amendments to the Bill and that other changes will be made in the regulations when they're published, or when they are finally passed and issued.

I should mention the three main amendments that I propose to introduce into the Committee. The first is that the minimum limit or dollar value or money value of a single sale will be raised from 21 cents to 26 cents. We are going to exempt not only the textbooks -- my honourable friend hears some rumours floating around and he thinks he has a great prize. He put in his thumb and pulled out a plum and said what a good boy am I. Well, he heard the word "books" and he made it into a loud ranting speech from the other side. Well we're going to exempt all books. So there. I wonder if my honourable friend has the faintest idea why we're going to do it. It's very largely because of the administrative impossibility of levying the tax, because there's so many ways in which books are sold including book clubs and subscription clubs of all kinds, and I'm going to quote some advice later on from Mr. Carter that we should exempt books, and that's the reason he gives for it. So I announce now that we're going to exempt all books.

I'm going to do something else that I suppose will arouse a roar on the other side, and that is that we're going to clarify the interest and finance matter because it was never intended to impose a sales tax on the amount of interest and finance -- my honourable friend said "Oh." I just -- oh I see. I always think of the way they do it in Ottawa in the Hansard down there. There's a great roar comes up when these kind of remarks come up and insults are heaved across the room, and Hansard comes out and says: Some honourable members: oh, oh. Well that's a beautiful way of putting it. So I've been hearing some honourable members oh oh over there. --(Interjection)-- Well yes, I heard with astonishment my honourable friend speak the other day when he said that we were going to impose this tax on the interest and finance charges. Because I knew we had never intended to, I seized my copy of the Act to read it and point out how wrong he was, saw that it could be interpreted that way --(Interjection) -- Oh yes, and you admit that I'm open-minded enough to correct a mistake. --(Interjection)-- Yes, which I am now proposing to do, so go right ahead. I gather everybody's with me; everybody agrees with this. This is very good. I like this. --(Interjection)-- Oh yes, I've got enough with me. I've got enough with me to take care of you or I'll take care of you all by myself.

Now, I'm not going, by the way, to enter into the subject which has really been the budget debate and the total amounts of money that are required versus our expenses. I think that on this occasion and the matter having been debated I'll not enter into that subject now. But we have got Mr. Carter's report and I find that we are consistent with it down to almost every

(MR. EVANS cont'd).....detail, and I'm going to tell my honourable friends here why I say that.

Carter recommends the taxation of services. We agree. We're taxing them. Carter stresses that service consumption rises with income, and that therefore the tax applied to services is mildly progressive and not regressive. That is Mr. Carter's finding.

Carter says that the exemption of food, shelter and other basic necessities removes the regressive nature of the sales tax, and we have acted on the same premise. Carter supports the taxation of building materials so long as the revenue is needed. He says so in his report. We need the revenue; we're going to impose the tax.

Carter supports the broad application of the tax to all groups and institutions in the community on the grounds that consumption is being taxed and not peoples or assets or activities, and that's the point of view from which we approach it. We are selecting the kinds of goods and the kinds of service to be taxed and we are not controlling the tax or imposing it according to the kind of people who pay the tax.

Carter recommends the exemption of production goods, and machinery and equipment and supplies, and of course we agree because that's the way we're doing it.

Carter recommends the exemption of casual non-commercial private transactions on the grounds of administrative practicality, and we have provided this class of exemption. I shall come to the more detailed matters later.

Carter advises that refunds or credits against some other kind of tax, while desirable will be a long time in coming in view of the many administrative difficulties. Carter holds that partial exemption from taxation of transactions are not feasible for certain special institutions or persons in respect of a class or a kind of goods otherwise taxable. Well, we agree with that and our Act is drawn in the same way.

Governments and their agencies should not be exempt from tax - governments and their agencies should not be exempt from tax. We agree and have drawn our legislation accordingly.

Liquor should be subject to the sales tax in addition to the other taxes. We are doing that. And Carter identifies, at the head of the list, of services which are suitable for taxation. Which one is at the head of the list? Laundries and dry cleaners. His judgment is the same as ours. To those who charge that there's no logic in the series of exemptions that we have provided for, I would like to repeat very briefly the kind of logic in which we have based them. We believe that food, children's clothing and shelter are important things for people of lower income. That's the reason; that's the logic behind exempting those.

Medical items.....

MR. ELMAN GUTTORMSON (St. George): Mr. Chairman, I wonder if the Minister could advise what a child is; how old he is?

MR. EVANS: Well, I'd be glad to. Yes. If my honourable friend is referring to children's clothing, it's children's clothing up to a certain size which normally is appropriate to a child of about 12, 13 or 14 years of age. The distinction is on the size of the clothing, not on the age of the child.

MR. GUTTORMSON: What is the size?

MR. EVANS: When I come to that -- if my honourable friend will hear me out I am sure he will find that I'll be able to give him a good deal of information.

Then we come to production, equipment and supplies, to avoid the double imposition of the same tax. If we tax the machinery that made the goods and the raw material that went into the machine and then taxed the goods at the end of the line, we'd have double imposition, the same tax on the same goods. So we're exempting production equipment and supplies that go into manufacture.

With regard to services, we made a division between the services that apply to a person's possessions as distinct from services that apply to the person him or herself. On the one side you see such things as medical, dental and barbering services - those apply to a person; the other kinds of services and the ones that we are taxing are the ones that apply to his possessions.

Now I come to a long, and I'm afraid detailed section of what I want to say, in answer to questions mainly asked in the House. I may have included a smaller number that had come to me from outside and I hope they do the same thing and that is to illustrate the purpose and the application of the bill, and if I seem to be dealing in detail on what I had hoped would be at second reading, it is because I hope it will make clearer the principles on which the legislation is built. There are some calculations here that perhaps do take more the character of a budget

(MR. EVANS cont'd.) . . . . debate than anything else, but I want to run through them with my honourable friends because particularly over here we were asked to run through our figuring as to how we arrived at the total money that would be derived from the sales tax. I was asked how did we figure the relative income and corporation tax rates for alternatives for the sales tax, and that obviously referred to remarks that I made in my budget address, and I give the following information and it will appear in Hansard. My honourable friends can make their own calculations later on if they wish to follow it through.

The province levies a combined personal income tax rate of 29 percent of federal tax exclusive of the educational fiscal abatement; 24 percent regular tax and 5 points of surtax. Each point is worth \$1.7 million for 1967, so to raise the \$45 million we would need for a full year to replace the sales tax, we would have to add 26-1/2 points or nearly double the provincial tax rate and five times the surtax rate. That's the basis of my calculation.

Second, on corporation profits, the provincial tax is ten percent, nine percent for the basic tax and one percent for surtax, and that's again apart from the educational abatement that was to be furnished from Ottawa, with each point worth \$2.2 million, so to get \$45 million for a full year's sales tax yield we'd have to go up to 21 times from the surtax or just triple the present rate of the basic tax and the surtax combined.

We have spread the full year's sales tax yield of \$45 million around among the other three sources; that is, income, corporation and gas tax. We might have raised the over-all income tax rate by, say, a third or up to 44 percent, to get about \$19 million in a full year and then raise the corporation tax by, say, two-thirds to get about \$18 million in a full year; and then the gas tax could have been raised by four or five cents to get another \$8 million. Well, those seemed to us to be entirely too big, and that provides you with the figures behind the reasoning that I gave in my budget address. I undertook to do so when I'd given the information.

The next question I was asked was how does our tax compare with other provinces and I will read the list: Newfoundland six percent; Prince Edward Island five percent; Nova Scotia five percent; New Brunswick six percent; Quebec eight percent; Ontario five percent; Saskatchewan four percent; Alberta none; British Columbia five percent. Why does Manitoba only estimate \$45 million in a full year for a five percent sales tax when Saskatchewan's figure at four percent is as outlined by my honourable friend opposite. It's always difficult to make comparison between jurisdictions but there are fundamental differences in the way a tax is levied and applied between Saskatchewan and Manitoba which fully account for the difference.

One of them is the economic condition, and that has to do with the extremely large payments that are coming now to the Province of Saskatchewan because of their abundant wheat crop and the ready market for it, and that is one of the reasons that their retail sales, instead of being smaller than ours, my honourable friend, are larger, and larger by quite a substantial margin.

Saskatchewan taxes productive machinery. We don't. For the development of the potash mines and the pulp plants, etc., the revenue from tax on machinery would be quite large, and Manitoba exempts this class of tax.

Saskatchewan taxes children's clothing and footwear. You get quite a lot of money from that. Saskatchewan imposes their - they use the term "Health and Education Tax." There are no honourable members' "oh, oh" I hear at that -- (Interjection) -- No, when I use the word "Education Tax", honourable members say "oh, oh", but on this occasion I don't hear "oh, oh", especially from over there, and I don't hear it from over there.

MR. PAULLEY: I did not hear what you said.

MR. EVANS: Well then if my honourable friend would listen to me instead of gossiping with his friend he might find he had some education or some benefit from it.

MR. PAULLEY: Well, not very much.

MR. EVANS: Saskatchewan imposes their Health and Education Tax on electricity and that is counted in their sales tax returns, where we impose it under a different Act. Saskatchewan's tax is on liquor at five percent and not at four percent, as my honourable friend said, and those account for the difference in yield in tax between Manitoba and Saskatchewan, and I think fully accounts for the difference that my honourable friend stated.

MR. MOLGAT: The five percent tax on electricity is in the . . . . .

MR. EVANS: No, five percent on liquor. Saskatchewan imposes their Health and Education tax on electricity. Electricity is in their sales tax; it is not in our sales tax. It's imposed under a different statute. -- (Interjection) -- But my honourable friend was trying to make comparison direct, sales tax to sales tax. He's like they said in the book, "Somebody left the

(MR. EVANS cont'd.) . . . . horse and dashed off in all directions," and that's what my friend always does.

Then I've been asked why are British Columbia sales tax revenues so much greater than Manitoba's on a per capita basis, and there are a number of factors. British Columbia imposes its tax on tobacco sales through the sales tax legislation, Manitoba does not. We have a separate Act. B. C. taxes electricity through the sales tax legislation; Manitoba does not. B. C. imposes a tax on sales of production machinery and equipment where Manitoba exempts this class of transaction, and this factor raises the tax yield in British Columbia substantially because of the many major developments that they've had there in recent years, one of the great wealthy and prosperous provinces of the country.

Those are some general considerations and some questions that I've been asked and I thought I should provide the basis of the calculation that I used when I made the statements in the budget address.

I turn now to a number of questions which bear on a general interpretation of the Act or the administrative arrangements, and I tried to group these together. What about purchases before the first of June with delivery afterwards? And if my honourable friends will bear with me, I will read a piece here which will give them the details: The general rule is that goods delivered or services rendered on or after June 1, 1967, are taxable no matter when the goods or services were ordered or purchased. An exception is made to this rule under the Act in the case of building materials entering into a fixed price contract for the construction or repair of real property where the contract was entered into on or before February 6, 1967 and the goods are ordered before June 1, 1967. In such cases the building materials will be taxed when purchased but the contractor may apply for a refund. A further exception will be made in the regulations for cash registers ordered before June 1st, 1967 and delivered before May 31, 1968. That was the subject of a special question as to what would happen to the storekeeper who was not able to get delivery of his cash register in time. It will be exempt if it's delivered within one year from June 1st.

To avoid capricious results on the question of delivery of goods, tangible personal property will be considered to have been delivered before June 1st, 1967 if before June 1st, 1967 title has passed to the purchaser, the purchaser has paid or been charged for the purchase price, the goods are in Manitoba, the goods are in existence in the form sold, the goods are identified or are tagged as belonging to the purchaser, the goods have been physically moved from the stock of goods for sale and have been placed in a storage area, a delivery area, or an alteration department in those cases where goods are normally altered to fit the purchaser. -- (Interjection) -- Well these are matters for regulation and this is a draft of what I expect will be the regulation, I'm telling you now the principle on which the regulation will be built.

MR. PAULLEY: Mr. Speaker, I wonder if my honourable friend would permit a question at this time, and I don't want to deviate from his remark - or what he's saying at this time. Would not my honourable friend agree that when we in opposition deal with propositions, we're only dealing with the propositions as contained within the Act itself, and if any criticism arises from this side on the very question that my honourable friend has just touched upon, that is namely the liability of goods for the five percent sales tax, the goods having been paid and in storage, we can only go by the Act of my honourable friend and if my honourable friend had of studied the Act a little deeper to start with he wouldn't have raised these problems that have been drawn to his attention by those of us on this side of the House.

MR. EVANS: Well my honourable friends across there, whether it was the Member for Radisson or not, asked me the question, I undertook to answer it at the first suitable opportunity; this is my opportunity, I'm answering the question.

And I continue on now with the conditions under which these deliveries will be considered to have been delivered by June 1st and thus not be taxable. In the case of services the purchaser will be regarded as having received the service before June 1st, 1967 if before that time the service has been completed and the customer has paid for or been charged for the service and where the service is rendered to tangible personal property the goods are owned by the purchaser and have been delivered or placed in a storage or delivery area. That answers that question about delivery before the 1st of June.

Are wholesale purchases to be taxed? Goods purchased for resale are not taxed.

MR. PETURSSON: Pardon me. May I ask the Honourable Minister this one specific question that has been posed to me and I promised to try to get an answer to it. It has reference to. . . . .

MR. EVANS: If my honourable friend is asking my preference in the matter I would ask him if he would be good enough to make a note of his question, he can ask me at the end, or if he thinks it's of great urgency . . . . .

MR. PETURSSON: This has to do, I'm not trying to interrupt the Honourable Minister's train of thought . . . . .

MR. EVANS: Mr. Speaker, I give my honourable friend permission to ask a question, if he will ask it.

MR. PETURSSON: I was asked about an article, a tombstone purchase, if it is paid for prior to the 1st of June and held by the man who sells it for delivery sometime after the beginning of the month of June with final payment, is that then free of tax? This is a serious question. It was asked me in all seriousness. I'm not making any joke of it.

MR. EVANS: If my honourable friend will read Hansard when he sees this address, he will find the answer in there because I've quoted the conditions that cover that case. Are wholesale purchases to be taxed? Goods purchased for resale are not taxed, the tax is levied against the person using or consuming the goods or services. If someone buys from a wholesale house an article for personal consumption, it is taxable. If the wholesale house sells it to someone else such as a retail store or vendor for resale, the goods are not taxable.

What constitutes a gift that would not be considered a taxable transaction. Gifts to close family members and charitable institutions. What are settlers effects? The household goods or equipment including automobiles that a person who has resided outside of Manitoba for a period of not less than six consecutive months immediately prior to taking up residence in Manitoba brings with him for his own consumption or use in Manitoba that (a) were purchased by him at least 30 days prior to taking up residence in Manitoba and (b) were brought into Manitoba within six months after taking up residence in Manitoba.

Will there be double taxation by two provinces on out-of-province purchases, also on goods purchased on a trip and brought back? No other province will tax goods shipped by the vendor to a destination in Manitoba. Similarly we will not tax goods shipped by the vendor to a destination outside of Manitoba. For instance, a car bought in Regina if taken to Manitoba within 30 days is eligible for a refund of Saskatchewan tax paid. We will of course tax the article in Manitoba. We plan to provide a exemption from tax of \$100.00 worth of goods purchased on any trip and brought back to Manitoba by the owner.

How will the sales tax effect the cost of living, and will social allowances have to be scaled up. Food and shelter are exempt from tax, prescription drugs and aids for the handicapped are exempt from tax. Children's clothing is exempt from sales tax. Therefore, most purchases by recipients of social allowances will be exempt from sales tax. Between 60 and 75 percent of the consumers' price index is not affected by the tax; the basic cost of living will be affected very little by the tax. Production machinery and equipment are also exempt from the tax.

Will the sales tax hurt the economy? Well I suppose any tax is unwelcome and is a difficult thing for the economy but we are not moving ahead of any other province in this respect, we're not moving ahead certainly of the average; we are moving a little ahead of Saskatchewan but they have been doing very well and I don't foresee any undue drag on the economy.

I've been asked who lays charges for not paying or collecting the sales tax and the answer is Her Majesty in the Right of Manitoba. And to whom is the appeal made: first to the Minister and then to the courts. Hasn't the government too much power in that they may place liens and seize books? The powers are the normal powers provided in taxation Acts of Manitoba as well as of Canada and of the other provinces; there's nothing unusual in the powers being asked for. The legal onus to report purchases in another department is a difficult area and one which has been greatly lessened I might add by exempting all person-to-person transactions that do not pass through a commercial channel and also by allowing anyone an exemption up to \$100.00 of goods purchased on any one trip and brought back into the province.

MR. DOERN: Per year or per trip.

MR. EVANS: Per trip. On liquor sales, what will the tax be? It will be an additional five percent.

Will the sales tax be collected on custom house sales? I take it these are the goods that are seized by the customs and are sold at regular intervals and on sales that are large enough we plan to have a treasury officer attend.

Is a suspension period of 30 days not too severe? And here I would like to read a summary of the appeal procedures, and its lengthy, but it's a very important point about the strong

(MR. EVANS cont'd.) . . . . powers that are really placed in the hands of a government to enforce a tax measure. And they're there and they are strong powers, but it does bring into question whether we have reasonable appeals open to the person who has been charged. "The appeal procedures are generally that first an appeal is made to the Minister who after considering the matter must notify the person involved as to his decision. If the Minister's determination is unfavourable or is disputed by the vendor or taxpayer the person concerned may appeal to the courts. In the case of a suspension of a registration certificate and in the case of a prosecution in respect of an offence the Act does not provide for an appeal to the Minister and the person concerned must make his appeal direct to the courts." The detailed appeal procedures are as follows: "(a) Where the Minister refuses to issue or cancel a registration certificate. The Minister must first notify the person of his intention to refuse to issue or to cancel a registration certificate and must fix a place, a time and a day not earlier than one week after the date of the notice where the applicant or holder or any person on his behalf may show cause why the registration certificate should not be refused or cancelled. Within 14 days after the hearing the Minister must advise the applicant or holder, of his decision. The notification must be in writing. The applicant or holder may appeal to the Court of Queen's Bench against the Minister's decision to cancel or refuse a registration certificate. If the appellant is a holder of a registration certificate he may apply to the Court of Queen's Bench for an order to stay the effect of the Minister's order cancelling the registration certificate;

(b) Where the Minister suspends a registration certificate. The Minister must notify the holder of a certificate of his decision to suspend the registration certificate by a written order. A certificate holder whose certificate has been suspended may appeal the suspension by application to a judge of the Court of Queen's Bench. A judge of the Court of Queen's Bench may stay the effect of the suspension or order against which the appeal is taken pending the hearing of the case;

(c) Where a determination of clear value or an estimation of tax collected or assessment of tax has been made. Where the Minister makes an estimate of the tax collected or of the fair value of merchandise or an assessment is issued, the taxpayer will receive notification of the estimate or the assessment. If the person disputes the amount of the estimate or assessment he may serve notice of appeal upon the Minister within 60 days after the receipt of the notification from the Minister of the estimate or of the assessment. The Minister is required to duly consider this matter and affirm, rescind or amend the estimate or the assessment and notify the appellant of his decision. Where the person is dissatisfied with the decision of the Minister, he may appeal to a court of competent jurisdiction within 60 days of the date in which the Minister's notification of his decision was made. The court will hear evidence adduced by both the appellant and by the Minister and may affirm, set aside or vary the decision appealed.

Prosecutions in respect of offences. In those rare cases where a person is prosecuted in respect of an offence under the Act, a charge will be laid by an appropriate person; the charge will be heard in a court of competent jurisdiction and the courts will determine the innocence or the guilt of the person accused."

There's an important matter and my honourable friends would welcome finding in Hansard, the statement of what the appeals are going to be because this is a matter of some concern to all of us.

I was asked why tax transport trucks when railway rolling stock and aircraft are exempt and the further statement was made they all pay motive fuel tax. Taxation of all truck transportation in Manitoba will be on the same basis as in other jurisdictions. It will be based on mileage and use of the equipment in the province for interprovincial carriers; other carriers will pay normal sales tax. For example a trucker in Ontario now pays a sales tax on his truck to Ontario proportional to its mileage travelled in Ontario. We plan to do the same in Manitoba. In this way double tax is avoided. We will be comparing notes with other provinces to make certain that the proportion of tax is correct.

I'm asked why do we tax four weeks lodging and not a month's lodging? This just seemed to be the most convenient demarkation between what's called permanent lodging and transient shelter.

Now then I come to the question of why are we taxing laundry and dry cleaning and I'm going to quote the advice offered by Mr. Carter on this point. He says the rationale for taxing services is simple. "Retail sales taxation is consumption taxation and because consumers may buy either goods or services there is no justification for distinguishing between the two types of expenditure. In fact to reduce the regressiveness of a sales tax, there is every reason

(MR. EVANS cont'd.) . . . . to include services for expenditures on services form a larger proportion of total expenditures of the higher than of the lower income groups." That's the end of the quotation from Mr. Carter. -- (Interjection) -- Well I'm dealing with laundries at the moment. I'll come -- (Interjection) -- I have a sheet in here somewhere dealing with the soleing of shoes. -- (Interjection) -- I'm sorry I didn't catch my honourable friend's question, but the name "Shoemaker" often makes me shudder. I would like to comment on this matter of the laundry and dry cleaning campaign and to straighten the record, because while the laundrers and dry cleaners did wait upon the Premier and submit a brief, they didn't wait for the answer or any consideration of the brief before they published their advertisement, an advertisement which was a tissue of misstatements and misrepresentations and I propose to give some detail as to why I say that.

There was one statement widely published in the ad to the effect that no other province taxed the purchase of a suit or dress etcetera, and this obviously isn't true; in fact so untrue that the association itself published a retraction later on. There was an implication that sales tax would be figured on the value of the goods being cleaned. That obviously isn't true; couldn't be. But there was no mistaking the statement in it. It was an untrue statement, it was a misrepresentation, it was misleading. It was stated that the tax on cleaning and laundry was a new concept. Well quite apart from Carter, United States jurisdictions have taxed such services for many years. The ad stated that cleaning and drying equipment would be taxed. This isn't so. I think they knew it when they said it; if they didn't they should have because I said in the budget address that production machinery of this kind would not be taxed. Certainly the laundry and dry cleaning industry is not the only service to be taxed as the ad implies. Hotels, television repairs, telephones, telegraphs, car repairs, appliance services and so on all will be sharing the tax responsibility. The Bill sets out the taxable services as the budget appendix did as well and the information was before them when they wrote that ad. Nor will the labour cost in laundries or cleaners be treated in any different way than the labour cost involved in the price of any article. Again the ad was wrong in its clear implication. The revenue tax won't pyramid as the ad said it would. The tax won't be any more repetitive than any other consumption tax contrary to what was implied in the ad. There is nothing insidious, whatever that word was meant to convey, about a retail sales tax which is clearly stated and applied only once to a given transaction, either for a service or for goods.

I must say that the wide disparity between the facts and the picture painted in the campaign conducted by the launderers and dry cleaners association must have been very confusing to all the thousands of people who took a direct interest. Certainly misleading and inaccurate public announcements do little to improve public understanding. Of course every possible consideration will be given to the laundry and dry cleaning interests, to their customers and the fact that this advertising campaign based on false and misleading information will not influence us in dealing with them in a just and proper way. I thought it was right to inform the members of the false basis, the misleading basis, the misrepresentation upon which this campaign was based and which apparently got a very substantial public response and I think the public should know about it.

I'm asked why are long distance calls taxable when other provinces have rejected this tax. Well Quebec has applied the tax and in any event we regard it as just another service that people buy.

What is the average effect of the sales tax on a home purchase price? Well I tried to do some calculating on a home in the range of \$15,000 to \$18,000 and it turned out to be a complicated one. I did some of the calculating myself by trying to determine what the price of the materials content would be, what the price of that material would be at wholesale - and that's the level after all at which the contractor buys it and at which the five percent tax is levied - and my guess would be somewhere between \$300 and \$400 on a home of that cost when you take out the cost of land and other things that are not taxed.

Will it be necessary for merchants especially those in small businesses to buy cash registers? No it will not be necessary; there is no requirement in the Act, there will be no regulation requiring anyone to have a cash register. However, most merchants will find that a cash register will be useful not only for the recording of sales but also for controlling his business.

Now I come to a substantial section on exemptions. Are materials used in dentistry taxable? We are not taxing the service of the dentist or the dentures or the dental appliances for his patients but the materials and equipment used by the dentist will themselves be taxable.

(MR. EVANS cont'd.)

Will toothpaste, detergents and soap be taxable? Yes. Will the sales tax have to be remitted for each private sale of second-hand goods? No, we are not taxing casual transactions between private individuals except for automobiles.

Are school equipment and hospital equipment taxed? Well they are depending on the kind of goods, there is no difference as to whether they are bought by a school or a hospital. School and hospital equipment is subject to sales tax. All public institutions are to be treated alike including the Provincial Government and its agency as Carter recommends.

Will school supplies be exempt? No.

Will saccharine be taxed? No, it's a food.

Are heating fuels subject to tax? No. And when I say subject to tax I'm limiting myself to the sales tax, I'm referring to the other taxes.

Will sales tax be collected on farm trucks? Yes.

Will sales tax apply to insurance policies and bonds? No.

Sales of real estate, are features like lighting - lighting fixtures and things of that kind taxable? On the sale of real property lighting fixtures affixed to the structure will not be taxable.

Will university books be exempt? Yes, all books will be exempt and an amendment will be provided in Committee for that purpose.

Will there be a major tax saving for people who rent fleets of vehicles instead of buying them? No. Rentals are taxable.

Building materials used in institutions, will these be taxed? Well they'll be taxed on the same basis as any other.

Is sales tax applied to the casket at a cremation? Yes, it -- (Interjection) -- We'd better not go too far with that discussion. I'm tempted mind you.

Will tools of the trade such as workman's tools be taxed? Yes, on administrative grounds. It's impossible to distinguish in a hardware store a person who comes in to buy a hammer for a home workshop or a hammer as a tool of a workman and so on administrative grounds that one must be decided as taxable.

Are such things as cribs, baby carriages and other things to be taxed? Yes, they are furniture.

Will aspirin be taxed and patent medicines? Yes, unless on a prescription. If a doctor prescribes aspirin or any other patent medicine, the patient may have a prescription for it and get it tax exempt at the drugstore.

Will work clothes, overalls, etcetera be taxed? Yes.

My honourable friend from St. John's isn't here to listen to this, but will taxes on generosity - he drew the illustration of someone lending his car to a friend for the weekend, perhaps even renting it to him, and said would a tax be levied on such a piece of generosity as this? No, we are not taxing casual transactions among private individuals, nor do we intend to tax non-commercial transactions.

Will coin laundries be taxed? If not, what will be the effect on the regular laundries. Where the purchase is 25 cents or less, coin laundries and other coin machines will be exempt. In any event coin laundries are used more by the lower income group and full laundry and commercial dry cleaning services are used more by the higher income group.

Will there be a sales tax on lodgings in private houses - for example for the Pan American Games? No, if lodgings are provided for less than four tenants.

Will hostels be exempt? Well transient accommodation, that is less than a month is taxable if there is room for four or more guests.

. . . . continued on next page

(MR. EVANS cont'd). . . .

Will the employment agencies such as Office Overload which hire out girls and men for service be subject to the sales tax? Buildings by those agencies do not fall within the category of taxable services. My honourable friends will have noted that in the Act the tax is opposed to all tangible personal property in that exemptions are mentioned; but the reverse treatment is given to services - the services to be taxed are mentioned in the Act, and that is the reference here that such things as employment agencies being a service, not having been mentioned in the Act, are not taxable.

Is sheet music to be exempt? No.

Are shoe repairs to be exempt? No.

Are haircuts to be exempt? Yes.

Now we come to special classes of either institution or stores. --(Interjection)-- No, but it sounds to me very personal from you. I wish I had time. I'd love to tell you a lovely joke on myself about this but we really haven't got time. I got so used to this and I have this in common with so many other members of the chamber that I'm sure we could have a good time but the time is running short.

I was asked whether low cost stores such as the Salvation Army etcetera are to be exempt? No this cannot be done on administrative grounds.

Will Indians on a reservation be exempt from sales tax? This is under close study. We have an open mind on this and would like certainly to study the Saskatchewan arrangements for treaty Indians and to see whether arrangements can be made in this regard.

Will hospitals be taxed? They'll be taxed as any other public institution.

It says: "Everyone is to have a licence to collect sales tax. How will this work out in the case of the denturists. The denturists are not named as a taxable service". That came from my honourable friend from Neepawa over there. --(Interjection)-- I didn't hear it. The Minister has the power to refuse a licence does he not? Yes, but there is reasonable appeal procedures which I read in some detail to the House.

Will sales tax be applied to Metro and to municipalities? Yes, there is no distinction for governments at any of the levels.

Will sales tax be applied to inter-company transfers? Now this turns out to be a very complex matter when assets are transferred from one corporation to another, particularly from a wholly-owned subsidiary to a parent company and so on. Ontario has a very complex set of regulations in this regard. We are studying them and hope to have something similar.

Are sales by charitable organizations taxable, such as church bazaars, etc? We are not taxing casual or non-commercial transactions among private individuals except for automobiles. Special consideration will be provided to exempt casual sales such as church bazaars.

Will the sales tax apply to production equipment and materials in laundry and dry cleaning business? No, there will be no tax.

Are commercial fishing boats, nets, etc., taxed? No, all production machinery including commercial fishing boats, nets, etc. will be exempt.

Are other extractive industries taxed as for example the forestry equipment? All production machinery for all industries is exempt. Any special equipment for such industries as skidders, special woods tractors for example would not be taxed.

Now we come to a section of questions that has been asked concerning vendors, the retail outlets and how they're to be treated, and so on. The major problems faced by such stores will be first knowing what goods are exempt from tax, keeping records of the tax collected in order to file proper returns and remit the appropriate amount of tax. We plan to make the administration of the tax as simple as possible for vendors; vendors will be supplied with full information about exemptions and administrative procedures. There will be a staff and I might say a special staff of treasury department officials charged with the responsibility of helping vendors to understand the tax law and to comply with it. We will not expect smaller vendors to maintain sophisticated records and the treasury department officials will assist the vendors in the development of appropriate record keeping. In this way the burden on small store owners will be eased as much as possible. What are the terms with the vendors? Is it voluntary by vendors? Every vendor will be obliged to collect the tax. What is the commission? You will be paid a commission similar to that in Saskatchewan. The rate will be three percent on the first \$200.00 of tax, then two percent. The vendor will not have to remit any tax collection less than a dollar in one month. How often will they have

(MR. EVANS cont'd)..... to remit? Remittance will be once a month.

Will public auction sales be subject to tax? Yes. What items? The regular taxable items.

The amount of interest on overdue taxes. Interest is charged on all outstanding taxes at the rate of nine percent per annum from the date, which is the 20th of the following month, that the tax was due and payable up to the date of payment.

What will the minimum taxable transaction be? The minimum taxable transaction will now be 26 cents in Manitoba. An amendment will be introduced in committee for the purpose.

Sales tax will be applied to what amount of the article, which I took to mean; what is the value for tax. The sales tax will be applied only against the established cash selling price of the goods. Any goods bought on time will not have the sales tax applied against the finance charges if there is an established cash selling price.

Will sales tax be collected on sales by mail? The chief problem here will be in respect to goods coming in from outside the country. Purchasers are obliged under the Act to remit their tax to the Treasurer, but the large Canadian order houses will become regular vendors under our legislation and by administrative arrangements with them. There will undoubtedly be some marginal tax evasion but we have gone further than any other taxing jurisdiction to allow some exemption in providing \$100.00 single trip exemption and in providing exemption for neighbor to neighbor or person to person sales of a non commercial character.

With regard to time sales, will interest and finance charges be taxed? And I just answered that question. There is a little additional information here. Not as long as they are set out separately from the basic cash price and as long as at least 15 percent of the sales for the firm involved are ordinarily cash sales. We want to make sure that they're ...

MR. SHOEMAKER: I wonder on this particular point - my honourable friend has permitted questions from other members - on this \$100.00 exemption per trip and there's no limit on the number of trips. You can make a trip a week or two trips a week and bring back \$100.00 exemption.

MR. EVANS: Well I haven't here -- we haven't set out yet any quota for number of trips. If we find it widely abused in any case we may well have to do so, but at the moment there is no quota or limit on the number of trips. The reason behind this business of establishing that a company must make at least a certain proportion of its sales on a cash basis is because it would be quite ready to rig a sale to reduce the cash price of the goods and inflate the cost to credit and we have to have some basis on which to establish what is the going price in that institution of the particular goods being sold, so the tax can be applied against the cash value of the goods and not against the finance charges.

What happens in the case of a bad debt? Bad debts are the responsibility of the vendor. The vendor does not have the right to extend credit on behalf of the government. We are taxing transactions at the time they take place.

Will trade discounts be deductible in calculating the tax? Yes.

Will trade-ins be netted against the price of new articles? Any deals involving trade-ins will be taxed only on the net value after the trade.

Where a sale is cancelled, is the tax refundable? Yes where the goods are returned. What forms will be used by the vendor? Well, we'll provide the forms.

The limitation of time for back taxes. This is a technical question and is being considered by a sub-committee of the Canadian Bar Association and we've had some discussions with them.

My honourable friends have asked about the definition of children's clothing and I'm going to read it onto Hansard, and I warn the House it's going to be a long dull session but here I go. What constitutes children's clothing? Our regulations read: Children's clothing will follow Ontario's. (a) Children's dresses, suits, coats, blouses, sweaters, undershirts, pajamas, combinations, snowsuits, overalls, etc. that fit the upper half of or the whole body up to and including girls' commercial trade size designation 14X, or boys' commercial size designation 15, or girls' Canada standard size 14X or boys' Canada standard size 16. "That's paragraph (a).

Paragraph (b): Children's trousers, slacks, jeans, slims, undershorts, briefs, outer-shorts and other children's garments that fit either below the waist up to and including girls' and boys' commercial trade size designation 14, or girls' Canada standard size 14X, or boys' Canada standard size 16.

Paragraph (c): Boys' dress and sport shirts up to and including commercial trade size

(MR. EVANS cont'd).... designation 14 or Canada standard size 13 1/2 neck.

(d) Children's hose up to and including girls' commercial trade size designation 9 1/2, and boys' commercial trade size designation 10.

(e) Children's hats up to and including girls' commercial trade size designation 22, and boys' commercial trade size designation 7.

(f) Children's gloves up to and including girls' and boys' commercial trade size designation 7. And that's what constitutes children's clothing.

Now those are the main individual questions as far as I had them or as far as I took record of them, and if I have skipped any it's not by intent. If my honourable friends will remind me as time goes on or in committee stage, I'll try to answer any other questions that they may have of a like character.

Well, I've had a good deal of material to cover and I want to thank the House for the courteous attention they've given to me for what must have been a very dull procedure for you.

On one general question, I've been asked to consider whether we would study the possibility of allowing people to claim their payments under sales tax against some other form of tax such as income tax. I notice that matter is discussed in the Carter Report. It's an idea. I'll keep my mind open to any idea. There seems to be some logic in it. Especially if it could be brought to bear with the progressive character of the income tax, it would be a good idea. It would be administratively impossible at this stage, but I don't close my mind to it.

Then I have been asked some questions which I think I've already answered and I'm going to skip some of the material I have here in view of the hour. As to whether the sales tax is regressive, I have already pointed out that the Carter Report approves the taxation of services. I'd like to repeat that we have an immense job ahead of us, that we will probably have 100 million transactions subject to tax in Manitoba in a year. To give you some of the idea of the size of the task, we're using the most modern methods. We will have here the most powerful computer west of Toronto in Canada, not used solely for this but it will be able to keep the records of 24,000 vendors and the 100 million transactions will be put through it. We are designing the most modern system. We have the advice of experienced consultants and I am certain from discussions that I've already had that we will have the responsible co-operation of the vendors and of the public and I undertake to provide them with the fullest information and to continue to insist that they receive fair and open-minded treatment in any representations they make to the government.

Our appeal procedures are as good as any other province and in general I think we have been able to shape a sales tax here which will be as acceptable and the terms of which will be as acceptable as those to be found in any other province.

I have two quotations from the Free Press with which I would like to finish. I have not debated the merits of the tax; my main concern today has been to provide the information that I promised to provide and I have done so. But the two quotations do touch I think on what are the two vital points. The first one is from the 11th of March, where it says: "The fact is the government needs more money for almost every program and the sales tax is the best way to raise the needed revenue. It is a straightforward way of raising more revenue for the government and a revenue tax is as good a name as any." And it turns to the other vital part of this and says: "Exemptions from sales tax pose a question on which the government simply has to be tough. If consideration is given to one group it is harder to argue against consideration being given to another. For example if dry cleaning were to be exempted why not television repairs, why not automobile repairs and so on. Every group can make out a convincing case as to why they should be accepted, but as soon as one crack is permitted in the dam it will not be long before there is no dam at all." Thank you for ...

MR. PAULLEY: Mr. Speaker, it's about one minute to 10:00; I presume we're going to quit at 10:00 o'clock. Maybe I could make a comment or two within that minute and then continue when we meet again...

MR. ROBLIN: Why don't you adjourn?

MR. PAULLEY: Pardon?

MR. ROBLIN: Why don't you adjourn?

MR. PAULLEY: Why doesn't the government move the adjournment and allow the motion to stand?

MR. ROBLIN: I just suggest that you might wish to adjourn.

MR. PAULLEY: No, I was just suggesting then to the government that they might adjourn the House and then the debate stands open.

MR. ROBLIN: That's right, but you could get it in your name.

MR. PAULLEY: But I don't have to. But the government does have to adjourn the House at - the Speaker does at 10:00 o'clock, and so ...

MR. LYON: Does my honourable friend wish to participate in the debate?

MR. PAULLEY: I beg your pardon?

MR. LYON: If my honourable friend wishes to participate in the debate I suggest he adjourn the debate now then we'll gladly adjourn the House.

MR. PAULLEY: I'm just suggesting Mr. Speaker, I don't have to be told what I should do in a debate by the government. It's now five seconds past 10:00. I suggest Mr. Speaker, that the House should adjourn and the matter stand open until we meet again when the House opens.

MR. SPEAKER: Well I take it the Honourable the Provincial Treasurer has completed his address and has taken his seat and it's my purpose now to put the question.

MR. PAULLEY: Mr. Speaker, in all due reference, the hour of adjournment has reached us and normally, normally the procedure is that if the hour of adjournment is reached, Mr. Speaker leaves the Chair or the House adjourns it being 10:00 o'clock and the debate is open. I just suggest this is the proper procedure and one that has been observed in this House in the past and I suggest that it's not necessary for me precisely to take the adjournment at this particular time.

MR. SPEAKER: But the Honourable Leader of the New Democratic Party will appreciate that it was a few minutes to ten when I first rose. There has been considerable discussion going on and we haven't come to any conclusion as yet.

MR. PAULLEY: ... my honourable friend, Mr. Speaker, recognize the fact that it is now past 10:00 o'clock, the normal time of adjournment.

MR. SPEAKER: Are you ready for the question?

MR. FROESE: Mr. Speaker, I beg to move, seconded by the Honourable Member for Inkster that debate be adjourned.

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

MR. LYON: Mr. Speaker, I beg to move, seconded by the Honourable Provincial Treasurer, that the House do now adjourn.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried, and the House adjourned until 2:30 Wednesday afternoon.