

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Friday, March 14, 1969

MR. SPEAKER: Before we proceed with the business of the House, I would like to introduce our guests in the gallery, on my right we have 40 students of Grade 8 standing from the St. Boniface College. These students are under the direction of Mr. Delaquis. This school is located in the constituency of the Honourable Member for St. Boniface. On behalf of all the honourable members of the Legislative Assembly, I welcome you all here today.

The adjourned debate on the proposed resolution of the Honourable Member for St. John's, and the proposed motion of the Honourable Member for Selkirk in amendment thereto. The Honourable the Member for Winnipeg Centre.

MR. JAMES COWAN, Q. C. (Winnipeg Centre): Mr. Speaker, the resolution as amended before this House, asks the government to give consideration to the advisability of rebating estimated sales taxes paid by income tax exempt individuals. Mr. Speaker, the Sales Tax Act in Manitoba has been drawn with the idea that it will not be an excessive hardship upon people of low incomes, and to that end there is complete exemption for food, shelter, medicine, children's clothing, school books, equipment for handicapped people, and you might say that there has been much support for the idea that when you have these exemptions you reduce the regressiveness of the sales tax.

Professor John Due, a North American authority on sales tax, in his book, "Provincial Sales Tax," Page 66, says, "The primary advantage of food exemption is the improved distribution of tax burden relative to incomes. Since a very high percentage of the expenditure of persons in the lowest income groups is made for food, its exemption has the effect of materially reducing, if not eliminating, the regressiveness of the tax." And in the Carter Report on taxation, volume 5, page 60, we have these quotations: "If food were exempt from the tax, the most regressive element in a general sales tax would be eliminated. If food alone were exempt, the regressiveness of sales taxes would be virtually eliminated, but if in addition, shelter were exempt the taxable expenditure pattern would be moderately progressive. There is also much support for the inclusion of services in the tax base in the manner adopted by Manitoba. This is also found to be a means of assuring that the tax is progressive and not regressive". In the Carter Report, in the same volume at page 59 we have this quotation: "But services form a large proportion of the total expenditures of upper income groups than of lower income groups, and their taxation would tend to counter the regressiveness of the tax on goods". In the Ontario Royal Commission Report on taxation, sometimes called the Smith Report, in volume 3 at page 232, we have these words, and I quote: "Moreover it has been found that as income rises, expenditures on services tend to expand more rapidly than expenditures on goods, with the result that services represent an increasing share of total consumption".

And the Ontario Select Committee has as one of its recommendations, a more recent report, has as one of its recommendations, "the committee is in agreement with the inclusion of services in the base of the retail sales tax. Not only would the inclusion of services be an important source of revenue but it would reduce substantially the regressivity of the retail sales tax. Of all the nine provinces in Canada applying a retail sales tax, surely Manitoba which has provided for exemptions for food and shelter and children's clothing, and has included services in its base, has done a great deal to insure its revenue tax would not be regressive. Manitoba has not been rigid or inflexible in its approach to granting exemptions; we have, for example, the change that was made with regard to the exemption for school supplies. The government keeps an open mind on all proposals regarding the revenue tax. It is true that the Ontario Select Committee propose a sales tax credit system as a means of providing exemptions, rather than exempting all food products and other items benefitting lower income groups, but they also proposed that there be no exemptions on food, children's clothing and so on. And whether or not it would be better to have no exemptions on food and children's clothing and shelter and medicine, and then rebate taxes based on income, is certainly a question of which there would be quite a lot of doubt and certainly would be a procedure that would require a very large staff. At the present, no province in Canada has adopted this method of dealing with a sales tax."

And another thing we should consider with regard to this motion, Mr. Speaker: We are asked that the government rebate estimated sales taxes paid by income tax exempt individuals. Well who are these individuals? Some will be of low income, but a person who only receives a minimum wage - \$1.25 an hour, 40 hours a week, that's \$50.00 a week for 52 weeks in a year,

MR. COWAN cont'd) receives \$2,600, and if he is a single person his exemptions are \$1,100.00, and if he's a married person - and we wouldn't find very many married persons just earning the minimum wage - if he has no children, his exemption is \$2,100 whereas his income is \$2,600.00. So that the low wage earner would not receive a benefit, generally speaking, from this proposed resolution. Nor would many old age pensioners; for an old age pensioner, a single person between 65 and 70, will receive \$1,310.00 a year, and the income tax exemption is \$1,100.00. It is true that when that single pensioner becomes 70 years of age his exemption goes up from \$1,100 to \$1,600 and he would qualify as being a person exempt from income tax; but not the couple, because a couple between them would have, if they're both on old age pension, would have \$2,620 a year and their standard exemptions are \$2,100, and when one of them becomes 70 or over, their standard exemptions would go up to \$2,600.00. However, if they had medical expenses I know, in excess of three percent of their income, that would be an excess of \$78.00 a year, then they would be exempt from income tax, if they exceeded the \$78.00 by more than \$20.00. And in the future, we will have fewer exempt from income tax because of the fact that in the future medical expenses and hospital expenses in Manitoba will not be deductible for income tax purposes. -- (Interjection) -- That would be correct with regard to extra billing but I am sure that the Doctors are not going to be extra billing people that only have an old age pension.

MR. PAULLEY: I hope not, but I'm not sure.

MR. COWAN: Now, just because you are exempt from income tax, doesn't mean that you don't have quite a bit of means. People can be exempt from income tax for quite a variety of reasons. You can be exempt from income tax because you are a teacher that has come to Canada from the United States or from Great Britain or Australia to teach in Canada, and if you sign a declaration saying that you intend to leave Canada within 24 months, you are exempt from income tax for the 24 months. And if you have a degree and you're teaching in the high schools you'll likely be making 10,000 dollars a year; if you're teaching at the university you'll perhaps be making 14 or 16,000 dollars a year, and here this resolution proposes that we rebate to these high income people the amount that they spend on sales tax during the time that they are resident in Canada. Surely, this isn't the kind of a sales tax rebate that we want. Then there are others who perhaps haven't got the income of teachers, but whose incomes are not shown on the income tax returns, or part of their income tax returns, or are not shown in whole or in part on the income tax returns insofar as income from various other sources are concerned, and yet their income may be higher than persons who are paying income tax, but because of these exemptions they may be exempt and so would qualify for the sales taxes. These include payments received from the Workmen's Compensation Board; the disability insurance benefits - if you take out a disability insurance policy that provides that in the event that you become disabled you get \$50.00 a week from the insurance company - that's not included as income in your income tax return; war veterans' pensions of all kinds; unemployment insurance that can be now \$53.00 a week for a married person and \$42.00 a week for a single person, and when a person retires they quite often get unemployment insurance for a year, which would perhaps make them tax exempt. And then you have people on welfare - they are of course tax exempt - it would mean that the government had paid out money for their benefit, for their welfare, and later on in the year when they filled in the form they would be able to go back to another branch of government and get a rebate in respect of the sales tax that they had spent out of the money that the government had given them, and so we would have the question of whether or not the amounts paid should be adjusted accordingly.

Then some people become exempt from income tax because they give their property away. They give it to their children, and, as a result, become exempt from income tax. They're counting on their children helping them if they need the help and the children will, I'm sure, give the help in most cases. But in the meantime, the person who has given his property away becomes exempt from taxes and would be entitled to the sales tax rebate. And some people unintentionally miss income from their income tax statement. I think that's seen recently by the fact that people seem to think that if they had bank interest it was exempt, but now that they get tabbed, they're reported on with regard to the bank interest, they think that this is something new and that they're going to have to pay tax on bank interest for the first time, whereas it should have been paid before. So, some people unintentionally leave items out of their income tax, and in this way they would qualify for exemption, and perhaps income from day work, income from odd jobs, income from boarders and roomers and income from small businesses, particularly that one is engaged in perhaps after hours.

(MR. COWAN cont'd)

And we have others, perhaps big businessmen, that might be exempt from income tax in the year and so be able to claim quite a large sales tax rebate. For instance, if a person had a business that was very good for a number of years and then one year went flat, well in that particular year he would be able to claim a rebate on his income tax. And the same would apply to a farmer, perhaps a large farmer, and he decides in one particular year he won't sell any grain, he'll keep it until the next year, and in that one particular year he'll be tax exempt. And in that one particular year, when this businessman or when this large farmer was tax exempt, he might have decided to spend quite a lot of money, such as perhaps buying a new car, buy a quantity of liquor, buy a coloured TV, buy a fur coat or clothes, spend quite a lot of money, perhaps seven or eight thousand dollars, and because he was tax exempt in that particular year he would be able to claim as a sales tax rebate 350 or 400 dollars.

Then we would have another problem perhaps with regard to farmers. Sure, they paid income tax for four years and then they have a very poor year, and so they're tax exempt in that poor year, but the farmer he can average his income over five years, so he goes back and averages it and perhaps it works out that he is exempt in the whole five years, and so I imagine that under this procedure he could claim a sales tax rebate in respect of each of those five years in which he was tax exempt. And then you have the fact that a big businessman has perhaps other ways of making sure that he's going to be tax exempt, if he wishes to be. He can have a farm in the country, and it's perhaps more of a hobby, but anyway he can have a farm in the country and he can claim a tax deduction up to \$5,000 of the income that he might earn in the city. He can perhaps have quite a few frame buildings that he rents out, houses he rents out and he claims the capital cost allowance of 10 percent of that. If the frame buildings, we'll say are worth \$50,000, well he can claim off his income \$5,000 exemption - 10 percent. -- (Interjection) -- Ten percent on a frame building - yes. And if there's stoves and fridges in the building, he depreciates them at 20 percent. If there's stoves and fridges in the building he depreciates them at a considerably higher rate, so it's quite possible for a businessman to be tax exempt. He can too, perhaps if he has some money, he can put it in Canada Savings Bonds - and they're encouraged to do so - two and a half times your money if you hold the bonds for 14 years, and you pay no income tax on the 13 years until the fourteenth year arrives, if that is the way you wish it. You can buy up to \$50,000 of Canada Savings Bonds now.

And then we have another group of people who are big spenders and who have quite a bit of money, and who are certainly tax exempt, and those are the housewives, the housewives of people that could be well off, and housewives who do not work, or if they do work their income is less than \$1,000 a year so they are tax exempt, and they could really come along and claim very very large rebates under this proposed resolution that is before this House. So just because you are exempt from income tax doesn't mean you can't afford to pay the five percent sales tax.

The odd thing about this resolution, which proposes to give exemption - or a rebate for the estimated amount of sales tax paid, is being the more you spend the more the government pays you, which is a little unusual method of taxation. If you should spend \$400 in sales tax during the year you get \$400 back, whereas if you only spent \$10 in sales tax during the year you only get \$10 back, so here we have something new in the way of government help; the more money you spend the more money the government will pay you.

So just because you are exempt from the income tax, it doesn't mean that you can't afford to pay the five percent Manitoba sales tax. How are you going to determine the amount of sales tax that a person has paid? Are you going to require them to bring in receipts? We have had this experience with regard to charitable receipts so that now the Dominion Government requires that you bring a receipt with the name on it and the date and the address and the amount and the number of the registered person. Are you going to require the stores to give receipts like that in order that you are going to be able to claim a sales tax rebate? It is certainly going to be a lot more work for the storekeepers if you are going to require that sort of a receipt every time you buy a shirt. Or are you just going to make an estimate of it? You might find that some people who haven't got too much money and really do their best to keep down on their costs and expenses, they perhaps buy a number of things by looking through the ads in the paper - The Free Press ads last night had about seven columns of them, people advertising things, pieces of furniture for sale and so on - and when you go to buy those of course you don't pay any sales tax when you make a private purchase such as that. So you are going to have quite a job in determining the amount of the tax that should be refunded and who should get the tax, particularly

(MR. COWAN cont'd) due to the fact that the Federal Government are the people that have the income tax forms and they are not supposed to produce them to anyone else; they are supposed to be confidential. And you are going to have to have additional forms filled in; you are going to have to hire additional staff; get additional space and equipment to rebate these sales taxes. It is going to be an additional burden upon the taxpayers because of the additional staff that will have to be hired.

I am surprised at the Liberals supporting this motion and I think they should tell us where the additional taxes will come from to provide the additional staff and to take the place of the sales taxes that may be rebated. I think perhaps first the Liberals should convince the Liberals at Ottawa that sales taxes should be rebated to income tax exempt individuals because the Ottawa sales tax is not five percent but it's 12 percent, excepting on building materials on which it is 11 percent, and surely if the Liberals here think this is such a good idea, they should be able to convince the Liberals down at Ottawa that the sales tax should be rebated to people that are income tax exempt.

So, Mr. Speaker, I would point out to the members of the House that the present exemptions have been established so that they minimize hardship on those of low income. Food is exempt, school supplies, children's clothing, medicine, shelter, and equipment for handicapped persons, and I submit further that many income tax exempt individuals are not people of small means. Many may be exempt from income tax but they certainly have the means with which to pay sales tax. And it is difficult too, Mr. Speaker, to check on the amount that should be rebated, which will require additional staff, additional payments by the taxpayers to look after this proposed rebate.

MR. SAUL M. CHERNIACK, Q.C. (St. John's): Mr. Speaker, before I speak, may I direct a question to the Honourable Member from Winnipeg Centre? He read from a letterhead-sized sheet and stated that the Manitoba Government keeps an open mind on all proposals. I didn't hear whom he was quoting. I wonder if he could tell me whom he was quoting when he made that statement?

MR. COWAN: No one in particular.

MR. CHERNIACK: Oh, I see, Mr. Speaker, apparently the Honourable Member was speaking for the government by making that statement. O.K. I just thought he was . . .

MR. COWAN: I think the government has shown that it keeps an open mind in making changes from time to time.

MR. CHERNIACK: I'm prepared to debate this matter in this way rather than by across-the-table discussion, but I thought that he was quoting some authority who had assessed the problem and made this statement that the government does keep an open mind.

Well, Mr. Speaker, first in relation to the amendment proposed by the Honourable Member for Selkirk, I don't see much difference. There is a technical difference brought in by the amendment and I wouldn't quarrel with it; the important thing that we are concerned with is to oppose and establish a principle - and I don't want to get involved in any technical debate on just what is the correct wording - I would be satisfied to accept the honourable member's amendment.

Mr. Speaker, I am sorry that the Honourable the Provincial Treasurer did not enter into the debate because he has lectured us at great length about sales taxes and taxation in general, and I would have looked forward to the contribution that he could have made to the discussion of this principle, but apparently the government in its wisdom delegated to the Member from Winnipeg Centre the problem of dealing with this resolution, and I suppose they couldn't have picked a more reactionary member of their caucus to deal with it, a person who is, I think, least able to indicate the openness of mind which the government would have in dealing with this type of problem, and I say that in recognition of his point of view, and although I don't agree with it, I recognize that he has a right to it and shows it usually in that way.

MR. PAULLEY: Maybe he's on the Planning Committee.

MR. CHERNIACK: I don't think think he's a member of the Planning Committee. He may of course influence it, but I don't think he has reached that stage.

Now he has stated, I believe, that a sales tax is regressive, and he has then indicated that in order to overcome this regressiveness of sales tax - I'm using his words - various attempts have been made by the government, and although he has called it progressive in some sense as it is now, I don't believe that's true. I think at best it is a proportional tax that everyone pays, a five percent tax other than in regard to the exemptions, and everyone, regardless of income, once they pay for their necessities that are exempt, is paying the same rate of

(MR. CHERNIACK cont'd) taxation and that is not a tax other than proportional, not progressive, although it would be amongst lower income people. But the regressiveness of the sales tax is one that is recognized by the honourable member and I think that it should be clear that it is regressive and an attempt has to be made to make it less regressive. I am only repeating what the honourable member said, so I don't expect there is any quarrel with that statement, but the attempts have to be continually looked at to see just how equitable they are.

Now the honourable member states - and I assume he speaks for the government - that the government keeps an open mind on all proposals, and he then indicated, and I believe he was speaking for the government, that the government has closed its mind on this proposal. I would remind him that I quoted the Honourable the Provincial Treasurer, when I introduced this resolution when he spoke on March 28, 1967, to say, "I'll keep my mind open to any idea. If there seems to be some logic in it, especially if it could be brought to bear with a progressive character of the income tax, it would be a good idea." Now that's what the Honourable the Minister said two years ago, but that is now closed. The mind of the government, as far as I am concerned, has been closed on this issue in spite of the statement of the Provincial Treasurer, because I think I have a right to assume that when the Honourable Member for Winnipeg Centre spoke he spoke as the spokesman for the government.

Then, Mr. Speaker, we heard a lecture which would be of great value to anybody interested in avoiding taxation - income taxation. I learned today methods of avoidance of income tax that I didn't know about, and that's all to the good. The honourable member appears to be an expert, and I'm not suggesting this personally, but he appears to have studied various methods of tax avoidance and then has recounted to us how people who can avoid income taxation would then be able to take advantage of the proposal that we are making. If ever I saw a distortion, Mr. Speaker, of the approach to the principle we are trying to discuss, then that is one. To pick on a school teacher who is here temporarily, and to say now that person is going to get away with something, I think is getting as petty as one can get in discussing a principle, and the principle is one which even the Honourable the Provincial Treasurer, the current Minister of Finance, said it's not only that I have an open mind on it, but he believes there is logic in it and that to tie it in with the progressive character of income tax would be a good idea. We had a whole account of methods of tax avoidance; we had a whole account of all the different little ways that people might become involved; and I think that he did not do a service to the subject matter before us by giving us this type of carefully researched report of the government's attitude.

I don't propose that I should dignify what I consider these small barbs that were shot at the principle by debating them at length. I was intrigued of the way he pointed out how big business will be able to get large sums of money back - of course I think he did say in passing that there could be a limit on the amount of the rebate - and I assure him if he didn't read it into the resolution, and I believe the Honourable Member for Selkirk did read it into the resolution, the principle that people who are tax exempt should be relieved of sales taxes to the extent that their exemption would have indicated the justification for refusing to take money from people who are obviously not able to pay taxation. That's the important principle and that's the principle we should be dealing with, not the approach launched by the Honourable Member from Winnipeg Centre. And if we approach that in the way that the Honourable the Provincial Treasurer did two years ago, we could accept the principle and then start debating the techniques involved in making sure that there is an equitable redistribution of the tax load, especially at that low level where it hurts so much. That is what I suggest ought to be the way this should have been done, and I recognize that it still can be done because we are now dealing with the amendment. I am sure the amendment will pass, because even the government will want to favour adjusting the resolution in such a way as to make it a resolution where you can deal with the principle - to vote for or against it - rather than with the amendment, which I don't think anybody pretends is a change in principle or concept, and possibly we will yet have the opportunity to hear from other members on the government side who will be able to make a contribution based on principle and not on red herrings.

MR. T. P. HILLHOUSE, Q.C. (Selkirk): I wonder if the Honourable Member for Winnipeg Centre would permit a question? I tried to get in before the Honourable Member for St. John's did but he started his speech.

MR. SPEAKER: Did the Honourable Member for Winnipeg Centre hear the remark of the Honourable Member for Selkirk? He wonders if you would accept a question.

MR. COWAN: I don't mind accepting a question, Mr. Speaker, but I should be able to do this the next time that I want to do it when somebody speaks. I am glad to accept the question but I should be able to . . .

MR. HILLHOUSE: Well, my question . . .

MR. LYON: . . . on the point of order, if the question just isn't permissible.

MR. SPEAKER: I appreciate that point but the feeling of the House has been so cosy today. I wondered if we might not do it. However, I am prepared to put the question. Are you ready for the question on the amendment?

MR. SPEAKER put the question and after a voice vote declared the motion lost. Now we are dealing with the proposed resolution. Are you ready for the question? The Honourable Leader of the New Democratic Party.

MR. PAULLEY: Mr. Speaker, I'll be brief in this. I don't know whether or not the Honourable Member for St. John's would wish to make further comments insofar as his resolution, but I must say that I listened with a great deal of interest to the contribution that was made by the Honourable Member for Winnipeg Centre. In the debate it appears that there has been a relatively broad outline given as to how those who are generally considered to be in affluence can evade paying their proper share of taxation, and the honourable member has stated these cases and it seems to me that he has had the complete support of members of the government opposite in this contention. In another debate this morning my honourable friend the Attorney-General who is wont to interject here and there without rhyme or reason.

MR. LYON: Usually effective.

MR. PAULLEY: Yes, usually with the effect when I'm speaking - and I might say to my honourable friend this morning he was really effective because he suggested to me, or asked me the question this morning as to where the money was going to come from in order to pay for the programs we require here in Manitoba, and we are all agreed are necessary. I made this suggestion at that time to my honourable friend that if there was fair and equitable taxation in Manitoba the one million five that the Attorney-General spoke of this morning could well be a greater sum.

Now we've heard the Honourable Member for Winnipeg Centre explain this afternoon how some, or a few, or many Manitobans are able to evade paying their full share of taxation in the Province of Manitoba by devious methods; and again the Honourable the Attorney-General supports him. We did have in Canada, over the last few years, a Royal Commission headed by Kenneth Carter, who pointed out, as indeed the Honourable Member for Winnipeg Centre did today, how it is that those who are more able to pay are able to evade their responsibilities. And what is the attitude of government? It seems to me that from what we heard from the Honourable Member for Winnipeg Centre today, agreement on the continuation of the evasion of responsibility and contributions in taxation of the very people that Carter pointed out were evading their responsibilities, and his government, and the House Leader of this Party in power in Manitoba rejects, as I am given to understand, the very solution to the problems posed by the Member of Winnipeg Centre.

My colleague from St. John's, in this resolution, has made a suggestion whereby those on the lower income scale who can't evade the payment of income tax, because they are not in a category spoken of by the Member for Winnipeg Centre in order to evade payment of taxes, so my colleague from St. John's proposed this resolution in respect of sales tax to give to those people an opportunity of having a refund made of the five percent sales tax. The Member for Winnipeg Centre has endeavoured to put a red herring over the proposition of my colleague from St. John's by pointing out what we believe to be true, that those in categories, generally the more affluent categories, are able to evade their responsibilities in respect of income tax, as indeed Carter pointed out, and in doing so, Mr. Speaker, he endeavours to justify the government of Manitoba rejecting the proposition proposed by my colleague to bring some relief to those least able to pay the five percent sales tax imposed by the government.

There's one phrase that the Honourable Member for Centre repeated time after time that might be an indication that eventually even that government will change its mind and abolish the sales tax - and I refer to his continuous use of the word "regressive" in respect of the sales tax. Time after time he mentioned the fact that at least this might reduce some of the regressive aspects of the sales tax. And I think, Mr. Speaker, in all fairness to all the taxpayers of Manitoba, there should not be imposed upon them any regressive taxation of any description. If my honourable friend the Member for Winnipeg South feels that it's quite in order to tax those

(MR. PAULLEY cont'd) . . . less affluent, who have to have the soles of their shoes resoled than those who can afford to throw away their shoes and buy new shoes, then I suggest that he'd better take another look at the situation that is prevailing in Manitoba and to lend every effort that he can towards the abolishment of this regressive tax that we have in Manitoba. And I would suggest to my honourable friend the Member for Winnipeg Centre that he try and get his colleagues in government, and in particular the Minister of Finance, to take another look at the recommendations of Kenneth Carter, which would go a long way to bring about progressive and equitable taxation in Manitoba.

MR. COWAN: I'm certainly not speaking for the government and the government backbenchers, and I don't support those tax deductions that are allowed -- (Interjection) --

MR. SPEAKER: He is speaking to the main motion. Proceed.

MR. COWAN: Mr. Speaker, I don't support various ways that people can get tax deductions so that they become tax exempt, and as a matter of fact I don't think anybody else in this House did, but I appeared before the Carter Royal Commission and I told them how I disapproved of some of these exemptions that were allowed. I don't approve of a capital cost allowance of 10 percent being allowed on a frame building. No frame building depreciates at the rate of 10 percent a year. We've got lots of them here that are 60 and 70 years old. I don't go for this idea of depreciating stoves and fridges at 20 percent and so on. They last for much longer than five or ten years, and many of the other things that are allowed as income tax exemptions now. I don't approve of school teachers from the United States being able to come up here and teach for two years and pay no income tax. Many things I don't approve, and I'm sure that many people on this side of the House don't approve of them either, and just because I mentioned them doesn't mean that we approve of them.

The government has done its best, done quite well in trying to make the sales tax in Manitoba as progressive as possible, it might be said. No sales tax on food; no sales tax on children's clothing, none on medicines; none on school books; none on equipment for handicapped persons; and this may be enlarged. That is the way to help the lower income people rather than setting up a whole new department and hiring additional people to try and pay back the sales tax rebate, not just to the low income perhaps but to those that are exempt under the income tax law. The way it works now, that wouldn't be a very fair way of helping with the tax situation.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. SHOEMAKER: Mr. Speaker, I will be very brief, as usual, but I just want to ask my honourable friend a few questions, or challenge some of the statements that he made - and when I say my honourable friend, in this case I'm referring to my honourable friend the member that has just taken his seat, the Member for Winnipeg Centre.

When he spoke on both occasions this afternoon I think he mentioned the school teachers from foreign lands that are teaching under the teacher exchange program. -- (Interjection) -- You didn't? Well, you said that they were exempt from . . .

MR. COWAN: . . . whether they are under exchange program or not.

MR. SHOEMAKER: Fine. Well, is it not a fact though, Mr. Speaker, that these teachers pay income tax in their land? -- (Interjection) -- They don't pay any income tax? If an American teacher is up here, or a British teacher is in here - and we have two or three in Neepawa at the present time - is it not a fact that they are taxed in their country on the money that they earn in Canada? -- (Interjection) -- They're not? Well this is news to me, Mr. Speaker. I'm confident that they do have to pay and I'm satisfied that it works both ways in this respect.

Now another point that my honourable friend was making, or attempting to make, he said that housewives earning \$1,000 a year were home free. Now is it not a fact that if my wife earns \$1,000 a year, then my exemption is reduced - reduced accordingly? Is this not a fact? -- (Interjection) -- Yes.

Now the other point that prompted me to get up, Mr. Speaker, was this, that a year ago on, well on the 10th of May -- I'm going to refer, Mr. Speaker, to two motions, two resolutions that were before the House last year, and one of them, for a long time, nearly the entire length of the session, one that I moved myself simply asked for a periodic review of the sales tax, and I think my honourable friend was suggesting that probably there should be a periodic review rather than the resolution that is before us now, that probably these different taxable items should be reviewed to reconsider their impact on society. We asked for that review last year and every single member of the government voted against it.

MR. SPEAKER: Order please. I wonder if the honourable gentleman wouldn't agree

(MR. SPEAKER cont'd) . . . with me that we're dealing with the matter of rebating estimated sales tax rather than reviewing. I wonder if he was just mentioning that in passing or rather was he going to give us a discourse on it.

MR. SHOEMAKER: Well, I was suggesting to my honourable friend the Member for Winnipeg Centre that if we did review the sales tax that it would in effect be -- and make changes, and not only review it but review it and make certain changes, then it would obtain the same result or could obtain the same result as we're attempting to do with the resolution that is before us now. We could make certain changes.

And then my honourable friend said too that we in our group should convince the Liberal government in Ottawa to remove their 11 or 12 percent tax on building materials. I would like to refer my honourable friend and the members of the House to two resolutions that we dealt with on the 25th of May last year, one on Page 369 of the Journals and the other one on Page 370 of the Journals, because we dealt with both of those resolutions the same day and one right after the other, Mr. Speaker. You'll remember that. The first resolution had to do with -- well, I'll just read the active part of the resolution. It says: "Therefore Be It Resolved that the Manitoba Government consider the advisability of rescinding the five percent provincial sales tax on building material." And who voted against it? Everybody on the government side.

The next resolution on Page 370, the active part says: "Therefore Be It Resolved that the Government of Manitoba request the Government of Canada to rescind the 12 percent sales tax on building materials", and a debate arising and the vote called. And who voted against that? Everybody over there. -- (Interjection) -- My honourable friend, my deskmate, better come back and sit beside me; he's getting led astray by the Attorney-General over there.

But here is a man, the Member for Winnipeg Centre, who has said to us now that we should convince the Federal Government to rescind the sales tax on building material. When we asked him to do it last year they voted solidly against it. It's quite evident they've had a change of heart in the interval, and so just to test you out I'm going to see that this resolution goes back on the Order Paper again this year and we'll see how you vote on it this year. -- (Interjection) -- Same speech pretty well - same speech - it applied last year and it applies this year. Why not? And do you recall, Mr. Speaker, when we were talking on the sales tax on some building material for granaries and my honourable friend the Deputy Speaker, who had the resolution on the Order Paper and asked leave to withdraw that, and then I put back the same resolution in my name and I think that he sneaked out; he didn't vote for it. But now they're asking us to put some pressure on Ottawa. Well, Mr. Speaker, I just can't comprehend that kind of an argument and I will wait and see what they do with the resolutions this year that we intend to put forward.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, just a few brief remarks before the question is being put. Maybe the Honourable Member for St. John's when he introduced the resolution gave us the information, but I can't recall though as to just what is meant by "poverty level". I would take it that this would include all pensioners, all people that are receiving a pension would thus be exempt. However, when I take a look at the resolution as a whole, I feel that this would lead to a lot of bureaucracy. Think of all the work involved in figuring this out and all the little vouchers that would have to be kept in getting a rebate on your sales tax. Personally, I would rather see the sales tax abolished and we wouldn't need to figure out schemes whereby we can ease the burden for the people who are living at the poverty level in Manitoba.

Then there is also another way it could be done. We could increase the exemptions under the Income Tax Act, and this would also ease the burden I think. This is something that we in our Party have advocated for years, that we should have larger exemptions under the Federal Income Tax Act. However, if a plan of this type brought forward in the resolution should go into effect, I think it could be done in a much much simpler way. Members will recall the medicare cards that are being used by the welfare, health and welfare department, and given to the needy - the indigent. Why not have a Taxicare card exempting them from tax - from sales tax. Hand out cards to the indigent, to those people that are in the category, and when they come to purchase the goods, just show them the card and they're exempt. It would be as simple as all that. I think you would do away with a lot of the bureaucracy, with a lot of the bookkeeping, and this would certainly simplify matters. In this way this would certainly be under complete provincial jurisdiction and would not interfere with the federal income tax plan and their forms, and I feel that this would be the simplest matter in the way a plan of this type could be brought into operation. I'm just mentioning this because I don't feel that this government should go into any more

(MR. FROESE cont'd) bureaucracy than we are in at the present time, and that we should try and bring out more forms and that more forms be used to fill out and so on. I think the matter could be done much more simpler in this way by handing out Taxicare cards and the people who are entitled to them would get the benefit.

MR. SPEAKER: The Honourable Member for St. John's.

MR. CHERNIACK: I propose to close debate.

MR. LYON: Mr. Speaker, I'd like to say a word or two.

Mr. Speaker, in looking at the resolution, I thought it might be worthwhile to bring two matters to the attention of the House before we are called upon to vote on this matter. In the opening paragraph of the resolution it states that "Whereas the provincial sales tax has imposed an unbearable burden on persons of income in the poverty level," and then the resolution or operative clause is "Resolved that the government give consideration to the advisability of rebating estimated sales tax received from income tax exempt individuals based on their income tax returns file." The first criticism - and really not a terribly serious one but I think it affects the principle which my honourable friend from St. John's was so concerned about - of this resolution is that of course he equates immediately persons in the poverty level with people who are income tax exempt, and it seemed to me, just as a neutral observer more or less in listening to the remarks of the member from Winnipeg Centre this afternoon, that he was merely pointing out that the two categories certainly are not comparable, and that if one were to vote, no matter how well motivated, for this resolution in its present terms, that one might well be inflicting tax gains upon people who are not required to have them, or people who are not in the poverty level. So, indeed if he is seeking to bring aid and comfort to people who are in the poverty level, then I would suggest that he must seek some term other than people who are income tax exempt.

And I suggest it for another reason because it must be apparent to my honourable friend, as I'm sure it's apparent to my honourable friend the Member from Rhineland and others in the House, that the system that he proposes here is totally impractical. Now I'm not surprised at a totally impractical suggestion coming from the Socialist bench because one of the precepts of Socialism is that you must enunciate principles which are high founding, Utopian in ideal, and which hopefully you'll never be around to see carried out, because if many of them were ever put into full force and effect the country would go to rack and ruin. So I suggest that my honourable friends really don't have to be practical in this House. We don't expect them to be practical, because as Socialists they aren't practical and they are not concerned about the practicality of things that they advance from time to time. They don't have to be because they know that they are far from responsibility, and if they keep making suggestions such as this they will remain far from responsibility because there are far too many practical people in this province, and indeed in this country, who would ever permit the ordinary affairs of government to be entrusted to the hands of people who would advance such well-meaning, well-intentioned but rather foolishly impractical ideas, in a serious way in a Legislature.

Now I must say that the comments made by my honourable friend from St. John's with respect to the remarks made by the Member from Winnipeg Centre were a bit condescending, I thought. My honourable friend from St. John's is a valuable member of this House but on occasion he becomes a bit condescending with members. He was condescending today with my honourable friend the member from Winnipeg Centre, and I suggest that the member from Winnipeg Centre is not the member of this House with the least openness of mind. If I were looking for members of this House with the least openness of mind, I would turn my eyes immediately to the Socialist benches where they are so infused with their own doctrinaire ideas that they really have no openness of mind as to the practicality or practicability of plans that must be advanced by those who are in positions of responsibility to carry out public government and public affairs on behalf of those who put us here. So I do not agree with the suggestion that the Honourable Member from Winnipeg Centre is the one with the least openness of mind in this House by any means at all, in fact he has a very fruitful mind, a very practical mind, and I'm sure that some of the things that he was saying were impressing themselves upon even the closed mind of my honourable friend from St. John's.

There was this long and continuing debate about whether or not the sales tax is regressive, and one can quote authorities back and forth on that subject. I suppose it's sufficient to put that to rest by saying that most tax authorities agree that it is, in the manner in which it has been imposed in this country, perhaps one of the least regressive of the taxes that any

(MR. LYON cont'd) . . . government imposed.

The Member from St. John's in making his remarks today said that he didn't want to deal with the trivialities that had been mentioned - trivialities, that word was his - the trivialities mentioned by the member from Winnipeg Centre, because he said, "Really, let's get down to the principle of this thing; let's, you know, deal with the matter." I suggest, with the greatest of respect, the Honourable Member from Winnipeg Centre was dealing with the hard and real principle of the matter, which namely is that you can't do what the resolution asks you to do; it's administratively impossible to do it. Now, I know that that's no concern of my honourable friend from St. John's, but really it has to become a concern of my honourable friend the Provincial Treasurer and those of us on this side of the House who are responsible to the public for the government of the province, and it is not feasible practically to do it. My honourable friend from Winnipeg Centre was merely attempting to point that out in I thought a very quiet, reasonable and logical way, that in the manner in which the resolution had been framed it was not capable of support on this side of the House, nor I suggest, with respect, should it be supportable by the members of the Official Opposition if they will look at it carefully, because they will realize that the two categories mentioned in the preamble and in the operative section are not necessarily the same group.

We're all in favour in this House, all in favour of reducing as much as possible the impact of any tax, be it a sales tax, be it any form of taxation that the province imposes upon people in the poverty level. I don't think there's any question about that and I don't think that anyone would question the motives of anyone on any side of the House with respect to that. But the question of practicability does arise, and I suggest that it is here and on that ground principally that the resolution of my honourable friend will fail, because it is impractical.

Well, there is very little else that can be said about the resolution because I don't think it deserves much else. It's the type of resolution that is put forward from time to time by our Socialist friends. I don't know the extent to which they think that it is practicable; I don't know if they even consider the practicability of things like this; but they try in their own way to arrogate unto themselves a complete monopoly on behalf of those whom they deem to be the poverty stricken people of any area, whether it's Canada, the United States, any part of Europe, and the other parties, the free enterprise parties, those who do not subscribe to Marxism philosophies and so on, are always damned as being the people who are looking after big business, as I recall my good friend the Leader of the New Democratic Party saying this morning we were too busy over here looking after our business fans. And so by means of this type of methodology that they attempt to build up from time to time, they try to create in the public mind a sort of class differential, of class difference and so on, which they think ultimately some day is going to serve their own narrow partisan purposes, but which I suggest to them, in all friendliness, is really not the way to build the kind of a community, whether in this province or in this country, that is going to be responsive to, and understanding of, responsible government, because that's the main object and reason for all of us being in this Legislature.

So while it doesn't bother me, and while I've been here for a number of years now and I've heard these resolutions brought forward from time to time, and while I know from time to time that newspaper people will say Tories and Liberals, or Liberals alone, or some other group quashed CCF or NDP motion to do something or other on behalf of the people, I'm convinced that the people, in the broad sense of that word, are becoming just about as wise and just about as understanding of some of these ploys, as indeed all of us are in this House. So why we do have to from time to time come down to earth and vote against things that we consider to be impractical, that doesn't mean that we close our minds to other suggestions that may come forward that are practical. And I can think of no one who is more assiduous in that line of review and concern than my deskmate the Provincial Treasurer, who with his staff does keep a very close eye on the impact not only of this special tax but the impact of all provincial taxes to ensure that, so far as it is within man's power to do it, equity is preserved in a reasonable way.

So I thought I should add these few comments today, Mr. Speaker, not in any way to explain what my vote will be because my vote would be totally predictable. I would vote against this because it is on the face of it an impractical suggestion, and merely to suggest that my honourable friends really consider this to be such a high matter of principle as the member from St. John's was saying just a few minutes ago in this House, that we had many many years of experience of a socialist government in this country, and indeed in the neighboring Province of Saskatchewan, and I think during the whole term of office of that socialist government in Saskatchewan there was a sales tax in existence, and I think that there were a number of exemptions.

(MR. LYON cont'd) . . . They were the ones who caused exemptions to be made, I think, after some experience with children's clothing, as we have done here, and the experience that was gathered across the country has been . . .

MR. EVANS: I don't think they exempt children's clothing - no.

MR. LYON: Oh, they didn't. I'm sorry, I was giving them credit -- I'm corrected. I was giving them credit for what I thought would be something that most jurisdictions have done, but in any case there is a booklet published on it and you can see the comparisons of the taxes across the country. Every province has this tax now except one, and look as you may, you will not see the recommendation that is embodied in this resolution applied in any other province in Canada. But much more importantly you will see that during the 20-odd years of socialist government in Saskatchewan, during which time they had a sales tax during every year of that government, did they apply the principle that is being enunciated here. Of course they didn't - of course they didn't because when they got into office in Saskatchewan they found, as any Party finds when it gets into office, that they had to be responsible, that they couldn't do what was impossible, they couldn't do what was impractical, and therefore they didn't do what is suggested in the socialist resolution here today and that is one reason among many others why I will not vote for the resolution.

MR. SPEAKER: The Honourable Member for Seven Oaks.

MR. MILLER: Mr. Speaker, I didn't intend to get involved in this debate but the Honourable House Leader drew me to my feet. I find it very interesting and I was wondering when it might happen in this session, because every year that I've been here there comes a point in the session when the Honourable House Leader gets on his feet and proceeds to throw words like "socialism" and "Marxism" around this House, and I know that the moment that happens he is squirming. It's an annual event that we have to listen to, and I'd like to suggest to him that perhaps he read some of the reports from Ontario to find that the socialists in Manitoba are now being joined by the socialist conservatives of Ontario who are now introducing such terrible things like capital gains, taxes -- you know that horrible word that the Honourable House Leader suggests are so impractical in our society, are so Marxist.

MR. LYON: Is he aware as to whether or not Ontario was introducing into its sales tax the remedy that he seeks to have approved by this House?

MR. MILLER: The Honourable House Leader . . .

MR. LYON: . . . nothing to do with the resolution.

MR. MILLER: No, the point is this. The honourable member got on his feet and proceeded to try to blank all the suggestions made from this side of the House, and he talks about the impractical suggestions and the sort of bubbly dreams that this group comes up with. I might suggest to him that if he goes back on the record he'll find he or his counterpart of his day made the same sort of speeches about hospitalization; they made the same sort of speeches about medicare; and reluctantly they've been dragged into the 20th century, and I predict . . .

MR. LYON: What about the sales tax? What about the resolution?

MR. MILLER: Just a moment. And I predict -- I'll stick to the resolution just as you did. You wandered all over - you wandered all over, all over western Canada and the east - if I may have the same privilege. He talks about class distinction, that we introduced class distinction. The fact is there are class distinctions, there are economic class distinctions. All we have to do is listen to the Member for Winnipeg Centre who told us all about the economic inequalities and how to maintain them. If ever I need guidance on how to avoid taxes, I want to now serve notice on the Honourable the Member for Winnipeg Centre that I'll seek his legal advice on it; he obviously is an expert.

But to suggest for one moment that because this particular resolution in its present form is not acceptable to the government and to try to squirm out of having to face the responsibility of voting against it, they try to distort it; they try to suggest implied motives, which really are not fair and don't do much credit to this government and certainly to the Honourable Leader of the House. If they don't want to vote for this resolution they will turn it down, and I fully suspect that they will because the experience in the past has been that they will turn it down once, twice or three times, and eventually they will get around to passing it because they recognize its value and its merit.

To suggest that the principle of this Bill is not acceptable to them is, I suggest to you, Mr. Speaker, simply damning themselves, because surely they cannot argue with a principle which says that those who have the least ability to pay should get some consideration. It's not enough to say that we have granted certain concessions for children's clothing and for food and

(MR. MILLER cont'd) . . . so on. The very fact that the Member for Winnipeg Centre admitted that it still isn't equitable, there are still people who are getting hurt - and he suggested that because of all these exemptions it's not really hurting people all that much - in which case I would suggest to him that if it's as they say and people on a low income aren't paying sales tax, then they shouldn't be worried about giving them a rebate. If no one is going to qualify, and if no one is paying sales tax that shouldn't be paying sales tax or can't afford to be paying sales tax, then they should be able to accept this resolution in its present form and the facts will come out later. If there is no one who qualifies for the rebate or should get a rebate, then they won't get it. To get into the mechanics of it at this stage is nonsense. All we are dealing with is a principle; all we are dealing with is with the suggestion that those in our society whose incomes are so low that they don't even pay income tax, they don't qualify to pay income tax, should be given some recognition by a rebate on the sales tax they pay. The Conservative Party federally has gone on record as approving that terribly socialistic concept of a negative income tax at their Federal Convention. I wonder whether the Honourable House Leader opposed it as vehemently at the Federal Convention as he is opposing the concept of it here.

MR. LYON: It's not impractical.

MR. MILLER: And neither is this suggestion - neither is impractical; both are positive in their concept. I'm sure the Honourable House Leader, if he figured out a way how to implement the sales tax originally, can figure out a way how to implement a rebate.

MR. LYON: What about Saskatchewan?

MR. MILLER: I hold no brief for Saskatchewan - I wasn't responsible for it. And I hope that what happened in Saskatchewan twenty years ago was just the beginning, and if they failed to do certain things then our Party is viable enough and modern enough so that it can change with the times and change to meet the needs. Apparently the House Leader is prepared to sit and stay with the philosophy of his particular Party whether it be 20 years ago or 40 years ago. I am not prepared to accept that concept. I hope I can change with the times; I suggest that he change with the times as well.

I can only say to the Honourable House Leader that if by denying this resolution and by voting against the principle of recognizing the needs of certain people in our society he wishes to hide under the charge that we are being impractical, I am only again going to suggest to him that he look at the suggestions from Ontario where they are talking about such things as negative income tax and capital gains tax, things that he obviously couldn't abide. There are -- (Interjection) -- if the Honourable the House Leader will stop and realize what he is asking, they are coupling all these things I am talking about, the capital gains tax and negative income tax with the sales tax. We haven't got those yet. If you introduced a negative income tax in Manitoba - and I would dare you to - and if you bring into Manitoba a capital gains tax - again which I dare you to - then we will look at the total picture; but because you leave us no alternative but to deal with sales tax only, then we have to deal with only those things which are before us and all we can deal with at the present time is the sales tax.

MR. SPEAKER: The Honourable Member for Lakeside,

MR. CAMPBELL: Mr. Speaker, as one of the acknowledged socialists in this House, I must confess that the strictures laid upon my colleagues and myself by the Honourable the House Leader have been responsible for bringing me to my feet at this time. I gather from what my honourable and respected friend the Attorney-General has said that anyone who has the temerity to support this resolution is thereby branded as an out-and-out freewheeling socialist.

MR. LYON: You might want to retract that.

MR. CAMPBELL: Well, I'm glad to reflect on it, but I must say, Mr. Speaker, that the arguments of my honourable friend, if such they can be characterized with regard to this resolution, has not given me any reason to change my opinion. I am unfriendly to the sales tax; I always have been. I suppose as long as I'm in this House that I will be inclined to support any reasonable and practical effort that is made to relieve its harshness, because it has always seemed to me, Mr. Speaker, that of all the taxes, and goodness knows we have enough of them and goodness knows that in the present times of high expenditures that we have to have taxes, but of them all I think that the sales tax is the one that bears with the greatest severity upon the people least able to afford it.

Now I know this is not the time to discuss the philosophy of taxation in general. You may remember, Mr. Speaker, that I'm one who belongs to the rather practical point of view

MR. CAMPBELL cont'd) regarding expenditures and taxation. My honourable friend from Inkster quoted the other day at length from a great economic expert, Adam Smith. I have always gone with a more simple philosophy. I take as my example a Macawber. Macawber, you remember, was the Dickens' character who had the kind of a program that I can understand. I am not able to follow the ramifications of these high-falooting economists, but when you get down to the principles that Macawber expounded, then I can see the logic of it. And what did Macawber say? Macawber said, "The difference between happiness and misery is simple. It's this, if you've got an income of 20 shillings and an expenditure of 19.6, the result is happiness; if you've got an income of 20 shillings and the expenditure is 26, the result is misery." And that's the philosophy that I think is easy to understand, and it's just as true today, Mr. Speaker, as it was in the days of Macawber. I do believe, Mr. Speaker, that we have to have in these days a pretty high level of taxes, but of them all, I think the worst one is sales tax as it affects the lower income groups. And so if that's socialism I have to plead guilty, and pleading guilty, then I have to accept in a personal way those very severe strictures that the Honourable the House Leader laid upon we socialists a little while ago.

Mr. Speaker, we're all familiar with the story of the preacher who had the unusual notes at the side of his written sermons, and when one of his friends asked him the meaning of the notes, one of them which was quite prominent in red, he asked what that meant and the preacher said, "Well that means argument week, you yell like the devil." Well my honourable friend the House Leader adopts a somewhat similar but differing policy. When his argument is weak then he berates the people who have made a proposal with which he doesn't agree, and this afternoon we saw, as the Honourable Member for Seven Oaks has mentioned, an exemplification of that, where not having a good argument to resist the force and logic and appeal of this resolution, he takes it in hand to tell the socialists - we socialists - what's the matter with us for proposing a thing of this kind. Well now what is the matter with it?

Let's leave Saskatchewan alone a minute and let's leave my honourable friend for St. John's alone for a minute, he's perfectly able to speak for himself. As a matter of fact, Mr. Speaker, after all my years in the House here I still get a bit of a thrill out of a good fight brewing up, and when I see antagonists as well qualified as my honourable friend the Attorney-General and my honourable friend the Member for St. John's, why I'm inclined to say "sick-em" and let them go. It's all good -- it's fine for you too, Mr. Speaker, you're not allowed to say sick-em, you're supposed to kind of keep things in order, but there's nothing the matter with us having a knockdown-drag-em-out little fight once in a while, and if I can contribute to the rising temperatures of my honourable friend the Attorney-General and the Honourable the Member for St. John's, then the House will be the better for it. My mild interjection, Mr. Speaker, is only to try and be a bit of a prelude to what I know the Honourable Member for St. John's is going to say.

But I ask my honourable friend the Attorney-General to follow a procedure that he has more than once advocated in this House, and he has taken resolutions clause by clause and said, "What's the matter with that part?" Now let me follow his example and say, What's the matter with the first whereas, "Whereas the provincial sales tax has imposed an unbearable burden on persons of income in the poverty level." Isn't that true, Mr. Speaker? Yes. Well, if people are at the poverty level, and I recognize the force of my honourable friend's argument that the two things here are not necessarily identical, but the assumption I think, a reasonable assumption, is that they're at least comparable, they're likely in the most of cases to be similar, so if we agree - and I suggest to you, Mr. Speaker, that it has been an unbearable burden on people above the poverty level let alone in it - but if we can agree with that, then what is wrong with saying that the government should give consideration to rebating estimated sales tax on to people - and then there's an attempt to say, in a very general way we admit - in what might be called the poverty level. What's wrong with this? Of course it will mean, if my honourable friend the Provincial Minister of Finance is going to follow the Macawber principle of happiness, it will mean that additional taxes will have to be raised some place else, but at least shouldn't they be raised some place else rather than from this group? Isn't that what this resolution means? I think it is, and if it's socialism to support a resolution like that, then I must say that for the moment - and I hope I'll recover in due course, in fact I hope I'll recover, to use the characteristic phrase from the other side, "soon", because I wouldn't want to labour under that disability too long, Mr. Speaker - but if, "if" that is, if that's socialism, then I guess we will have to now.

(MR. CAMPBELL cont'd)

As long as I had the honour of being a part of the government of this province, Mr. Speaker, I laboured mightily to keep this province away from a sales tax. There were times when it was advocated by people who I knew were better informed economically than I, and some will say, in fact many will say that in our labours to keep taxes low that we kept services also at a minimum. I still think that there's a very close relationship between the number of services that you have and the taxes you have to pay. You can't get away from that. And while I do not agree that the services were kept unreasonably low, I take a good deal of comfort in the fact that we did keep taxes low and we did escape the sales tax. I think the economy of this province prospered in those days, Mr. Speaker, because of the fact that we had a lower level of taxation that we could use, that industry could use to counteract some of the other disadvantages that this province faces when compared to some other provinces of Canada.

However, that's in the past, Mr. Speaker, and it's the present and the future that we have to think about, and I think that during these days of very very high taxes, and they're high taxes federally and they're high provincially, they're high in the Metro area which of course are collected by the municipalities, they're high in the municipalities and they're high arising from the school districts which again are collected by the municipal people, they're all high and we can't escape that under these circumstances perhaps, but at least we can endeavour to lessen the severity of those taxes on the people least able to pay. And so, socialist or no, I'm going to go along with this resolution.

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MR. SPEAKER: Are you ready for the question? The Honourable Member for St. John's.

MR. CHERNIACK: Mr. Speaker, I hope that I will not detract in any way from what was said by the Honourable Member for Lakeside because I think that he so admirably indicated the principle involved in this resolution and I don't want to obscure in anybody's mind so much that he said which was so true. But I suppose the main reason that I want to speak at all in closing the debate, firstly I felt I should address myself to the Honourable Member for Rhineland, who I think would like to vote with us and who I think has certain concepts which are not serious but which I would like to deal with; and secondly, because the Honourable the Attorney-General stated that I had spoken condescendingly to the Honourable Member for Winnipeg Centre, and this was a personal thing. On reviewing my recollection of what I said and how I said it, I believe that I spoke condescendingly of the content matter of the speech made and of the speech itself of the Member for Winnipeg Centre. If it can be interpreted that I spoke condescendingly of him, I certainly had no intention of doing so, and I think that my relations with him are such that he would know that I don't think condescendingly of him, but I do think condescendingly of the speech which he made and of its content.

Of course, if I were condescending at all, I would say that I have spent a number of years in this House listening to the master of all condescending speeches and that is the person who was the one to point out how I spoke. If ever anyone in this House speaks condescendingly of others, it is the Honourable the House Leader. The other attribute he has of course, is making more speeches sitting down than standing up.

MR. LYON:

MR. CHERNIACK: And he's making one right now. For a man who is supposed to assist the Speaker in the conduct of this House, I think he is the one who breaks it most often, but he does it so charmingly that I personally am not voicing this as an objection but rather a comment which he may consider condescending but which I assure him is not.

I said that the Honourable Member for Winnipeg Centre was one of the most reactionary in this House. I think that's true. I don't consider that an insult - I wonder if he does. I would suspect that he would accept that as being a proper designation, but whether or not he does, I think he is. But I don't think -- (Interjection) -- Pardon? -- (Interjection) -- He says that I also stated - the Honourable the Attorney-General, again speaking from his seat - he quotes me as saying he had the least openness of mind. I would say that there have been occasions such as on the question of - was it compensation to victims of crime? - where he showed a great deal of openness of mind, much more than the government, but I did say, regardless of the phraseology I used, that the Honourable Member indicated that the government has closed its mind on this issue, and that the mind is closed on this issue because of the nature of his speech. Because I said he was speaking for the government. Now he says he doesn't speak for the government. Unfortunately, as I pointed out earlier, the Honourable the Minister of Finance, who would be expected and I believe who does know more and has studied more about the intricacies of both sales tax and collections, did not do us the honour of contributing to the debate so we could have the benefit of his knowledge and experience. Instead of that, we had a lecture from a person who termed himself as a neutral observer. Did you notice that, Mr. Speaker? He started out by saying, "As a neutral observer, I have a few comments to make." This neutral observer, I assume, did not speak for the government because, being neutral, how could he take a positive position on behalf of the government? And he said that he, personally, in case there was any doubt, would vote against the resolution. Well, this neutral observer continued to show his neutrality by talking about socialism, and precepts of socialism, something about which he knows nothing but pretends to know a great deal. He indicated that what we were talking about here was a socialist measure, which of course is nonsense, and as the Honourable Member for Lakeside pointed out, he is not a socialist; I don't accept him as a socialist if he wanted to be called a socialist; and he was yet correct in saying that the matter before us is not one at all.

Mr. Speaker, what is it and what prompted me, on behalf of the New Democratic Party, to bring this matter to the attention of this House? Let me read to you what prompted me to do it. On February 13, 1967, I suggested that this might be one way of easing the regressiveness of the tax, and now both the spokesman for the government, The Honourable Member for Winnipeg Centre, and the neutral observer also used the same term, applying it to sales tax, as being a regressive tax.

MR. LYON: The least regressive, I said.

MR. CHERNIACK: And he said - since he doesn't speak standing up - he used the words "the least regressive" and I want to cite for the record, which apparently is what he wants, that he used the term "least regressive". If that doesn't mean regressive taxation...

MR. LYON: All taxes are regressive. You know that.

MR. CHERNIACK: Now we have the expert, the Honourable the Attorney-General, saying, "All taxes are regressive". He says he won't interrupt me now to correct my statement that he said that all taxes are regressive.

MR. LYON: There is a form of regression in all taxation.

MR. CHERNIACK: And then he comes along and explains there's a form of regression in all taxes. I wish he would spend a little time listening to the gentleman on his left, who unfortunately isn't telling him now but I hope will in the future. Tell him something about taxation. Teach him a little bit of the principles of taxation, what experts say about it, where they describe regressive taxation, proportional taxation, progressive taxation; but this gentleman, this expert on socialism, this expert on taxation has now made the statement that all taxes are regressive and then he qualified it by saying "are a form of regression." Well, the Honourable the Attorney-General has indicated, I think clearly, his lack of knowledge of the problem and of the situation but his desire to speak nevertheless.

Well, before he interrupted me, I indicated that two years ago I had suggested that this be an avenue to be used to lessen the regressiveness, and why did I bring it here? Because the Honourable the Provincial Treasurer then said, and I'll repeat it: "On one general question I've been asked to consider whether we 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," which is a fair statement. And then he said, "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," -- that's two years ago -- "but I don't close my mind to it."

And because the Honourable the Provincial Treasurer referred to the Carter Report, I went back to the Carter Report and I saw what Carter said, and he said more than what the Honourable the Provincial Treasurer said. He said this: "There's a fourth alternative worthy of consideration. This would be to use the existing personal income tax machinery to allow individuals and families a credit for sales tax up to a certain specified amount," which is what the Provincial Treasurer indicated is a good idea worthy of consideration two years ago -- and then Carter says, "with a refund of sales tax paid if credit exceeded the income tax liability." And then he points out that everyone would have to file an income tax return and also refers to some administrative problems or difficulties. What does the Honourable Consumer Minister say? Did you want to say something?

MR. CARROLL: The only question that rises in my mind: who has access to the federal income tax machinery? Do the provinces?

MR. CHERNIACK: Mr. Speaker, I would have hoped that the Honourable the Provincial Treasurer, whose responsibility it is, would have clarified for us how he would deal with this problem of access to federal income tax forms. Certainly we are partners in having given the tax collection procedure to the federal government, and I would think that it would not be too difficult a matter to either have access to the forms or - and again I am saying I would think, because I don't know - there would be a method whereby. There wouldn't have to be separate application forms, there would be possibly an additional report made at the time of the income tax reporting. But these are the administrative matters that I had hoped we would hear problems about from the Honourable the Provincial Treasurer, because in spite of the fact that the neutral observer who is expert on socialism says that we are not being practical, I think that he doesn't honestly believe that, but the practical aspect is one I would like to hear, and not from the expert on tax avoidance, but from the expert on tax collection, and had he been able to give us the benefit of the experience and the problems, then we would have been able to debate practicability, but since he did not consider it, for whatever reasons, since he did not do so we are left without that benefit.

I want to turn just briefly to the Honourable Member for Rhineland's contribution. He indicated that it might be a good idea to increase exemptions under the Income Tax Act. Of course we agree with him that the exemptions are too low. I'm not sure that anybody disagrees with it, it's just they're not doing it, but the income tax exemptions are now at a level which

(MR. CHERNIACK Cont'd.)... are below the poverty level of which I spoke in the resolution portion of this resolution, in the preamble I mean. The exemptions are below that and should be raised, but if they are as it stands now they would only affect income taxation, but there are people who are paying sales tax who can't afford, in the eyes of the existing tax law, to pay income tax. These are the people we're talking about.

Now, he came up with a suggestion of Taxicare cards. That's fine. I can see considerable difficulties there in making sure that the right people use them for the right commodities. It's a difficult thing, but it may be that there's some merit to it. I doubt if it's that feasible except for people who are specifically in a field where they get Medicare cards -- maybe the Medicare card alone could be used to identify them. But that doesn't help the man who is earning \$3,000, who is supporting a wife and two children, and who is paying sales taxes. In spite of all the attempts to ease the regressive features of sales tax, this man who earns \$3,000, who has two children and a wife, is paying sales tax. Mr. Speaker, he can't afford to pay the sales tax, and I don't believe that the neutral observer who sits on the other side believes that he can pay sales tax, but just the way he is prepared to make broad statements, so I think is he prepared to say, "Well, it's too bad. Let them eat cake." And that's words I am offering to him for his digestion.

To the Honourable the House Leader I am prepared to be condescending to a much greater extent than to anybody else because we are friends, because he is the one really who has taught me this technique of condescension. I would apologize certainly to the Honourable Member for Winnipeg Centre if he thinks that I was condescending towards him, but the Honourable House Leader I am sure does not expect me to apologize to him if he believes I was condescending to him. I don't want to take more time, Mr. Speaker, and it's only because he has prodded me into certain other avenues that I have. I want to come back to the real issue.

We, in this proposal, are saying that there are people today paying into the coffers of Manitoba tax money which they cannot afford, and we related it to the poverty level because this is not a term that I made up or anybody else in this room made up; it is an accepted, acknowledged concept by the, is it the Economic Council of Canada? -- by a great deal of economists, who say that there are too many people in Canada living at or below the poverty level, and they're the ones I'm talking about. And let's not confuse the issue by bringing in what I said were trivial objections to the principle that there are people in Manitoba paying sales tax that should not be and cannot pay it, and the method that I proposed and that the members on this side of the House are apparently prepared to accept, is that there should be a recognition of it and there should be some adjustments done, and the suggestion we made is that we in some way accept it, that at least income tax people should be relieved of that burden. And burden it is, in spite of what other members on the other side think, and relief they should have, and if the government has a better technique of relieving them now, of making this tax even less regressive than it is now, then it should have proposed an amendment, but instead of that we are treated to a speech on socialism by a neutral observer who was probably ... by the fact that I stated that the kind of speech we heard, and the others we heard from him, were a red herring. I wasn't really waking him up; I wasn't calling him by name; I was just describing the type of approach that the government was using in refusing to face up publicly to this question of relieving the person in the poverty level from paying a sales tax which is regressive in nature but less so than others, if that's the word I'm giving to the honourable the members on the other side who might feel that it's worthwhile continuing to support it because it's not as regressive as more regressive taxes. If they want to play with semantics, that's their privilege. I leave it to them.

MR. SPEAKER put the question and after a voice vote declared the motion lost.

MR. CHERNIACK: Yeas and nays, please, Mr. Speaker.

MR. SPEAKER: Call in the members.

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

YEAS: Messrs. Barkman, Campbell, Cherniack, Dawson, Desjardins, Doern, Fox, Guttormson, Hanuschak, Hillhouse, Johnston, Kawchuk, Miller, Patrick, Petursson, Shoemaker, Tanchak, Uskiw and Vielfaure.

NAYS: Messrs. Baizley, Bjornson, Carroll, Claydon, Cowan, Craik, Einarson, Evans, Graham, Hamilton, Johnson, Jorgenson, Klym, Lissaman, Lyon, McGregor, McKellar, McKenzie, McLean, Masniuk, Spivak, Steen, Watt, Weir and Mesdames Forbes and Morrison.

MR. CLERK: Yeas 19; Nays 26.

MR. SPEAKER: I declare the motion lost.

MR. DOUGLAS M. STANES (St. James): Mr. Speaker, I was paired with the Honourable Leader of the New Democratic Party. If I had voted I'd have voted against the resolution.

MR. LEMUEL HARRIS (Logan): Mr. Speaker, I was paired with the Honourable Minister of Labour. Had I voted I'd have voted with the opposition.

MR. SPEAKER: The adjourned debate on the proposed resolution of the Honourable Member for Burrows. The Honourable Member for Carillon.

MR. LEONARD A. BARKMAN (Carillon): Mr. Speaker, I will be brief. I know this has been mentioned several times today and this is possibly one of the reasons that we're still on Resolution No. 2, but I will be brief for two reasons. One, I have very little to say and secondly, I lost my speech that I was going to use. I do believe that it wouldn't hurt to review the resolution: "Be It Resolved that the said standing committee consider the advisability of regulating hearing aid sales methods." And I think we can go right back and mention the fact that it's a standing committee asked for, not a special committee, and I'm very much in favour of that because I think, as far as committees normally speaking, we have enough of those. On the other hand, this is an article that I certainly believe needs a different type of attention, possibly more so because so many of the people using or buying these are in a number of cases older people — mind you not all of them. I see a few hearing aids around the desks down here, and I think at times it must be very handy to turn them off and also you can turn them on if you wish. However, I believe the majority of hearing aids that are bought are bought by, very often, as the honourable member mentioned the other day, frustrated people, lonely people that hardly know the expense involved in a hearing aid. I think we can take that statement for granted that it is so. I believe also that in a lot of cases they are people that are really not — maybe the word "knowledgeable" is not the correct one to use, but they are people not qualified to compete with a salesman, in many cases, of selling hearing aids that possibly has been just perfectly trained for this one type of sale, even though he may know very little of the product itself; it seems that if the word "shysters" is allowed to be used in this House I think there are quite a few around in this department. I believe that possibly too often people are taken — their money has been taken off them when they're not getting their money's worth, and I think nearly every member in this Assembly could refer to some cases in their own constituency that have taken place.

I want to make very sure though, Mr. Speaker, that as far as I'm concerned I am very much for this resolution, but I think there is a tendency that we could just start to believe that salesmen are not necessary as far as the country is concerned, or as far as people are concerned, and I'm not one of those. I think we have a lot of honest, respectable people going around helping to hold up the economy of Manitoba, for that matter. I think we should not belittle the many honest ones. I read in the — one of the — the Neepawa paper I think it was. I thought it was very interesting. The headlines on one of the pages was this: "How Often Have You Heard It Said: Next Time I Will Shop in Neepawa?" it says here. I could very likely say in Steinbach or elsewhere, "From People I Know and Can Trust."

Now I think this should partly go with this resolution because it's only about three weeks ago I ran into a little experience that I thought was quite interesting. A person phoned me at about a quarter to eleven in the evening. This person phoned from Austin, Manitoba, and the first question he asked me is my name and then he says, "How do you like your hearing aid?" I says, "Pardon me, I don't hear so good. Just what are you saying?" He repeated his question and he said that somebody had been around their area, or their district, and they had used my name — this happened to be in a Mennonite area down there and I guess they figured that this lady would possibly have heard of my name, and they had said that this fellow by the name of Barkman has one and he just loves it terrifically, and he's willing to testify and what have you. And this person was excited. This was a quarter to eleven in the evening. "Well," I said, "Who really did buy one?" "Well," he says, "my mother-in-law." "Well," I says, "these things can happen. I realize this." So I asked him, seeing that he was from a small town, I says, "Phone your local credit union manager and tell him to try and stop the cheque if he can." Because in a small area, a lot of you fellows know that we go out for a little few extra services even after five o'clock, and this person said he would do that and I suggested to him that I'd phone him back in about 20 minutes or so. Well I phoned back and sure enough this gentleman had cashed his cheque. In this case it wasn't too high if the hearing aid is good. It happened to be an amount of \$300.00. What the hearing aid is worth I don't know, and I don't think this

(MR. BARKMAN Cont'd.).... lady knew.

However, the cheque had been cashed so I undertook to, the next day, I though the least I could do is phone this party and of course this party wasn't in, and hasn't been in since. I've tried I don't know how many times now. Then I phoned to the Better Business Bureau and they had heard of this character. I'm not going to mention the name today. He's in the yellow pages and this is what he advertises: "Sound. Your vital link with people. Get more out of life with all-in-the-ear hearing. No cord, tubes, not even batteries. Free hearing analysis. Prompt repairs to all makes." This fellow was certainly not described anything close to that description by the Better Business Bureau.

Now this is one of the points that I thought I wanted to bring up. Sure we should, and people should often phone the Better Business Bureau, but how many rural people at the age of sixty or over think of these things. I certainly wish to go along with this resolution that the Honourable Member for Burrows has. I think it's possibly a minor thing. We don't want to bring in other things than hearing aids at this time, but especially an instrument that has to do with electronics and with acoustics, as the honourable member mentioned, I think this is one place where some form of policing and dispensing, of hearing aids in this case, is certainly something that is necessary and there must be more rigid licensing. And I want to remind members, I think it is well to tell your constituents next time, "I will shop in (whatever town you live in) from people I know and can trust," and we wouldn't have to ask the standing committee for a resolution like this, but in this case it is certainly in order.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I wish to adjourn the debate. I beg to move, seconded by the Honourable Member for St. Boniface, that the debate be adjourned.

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

MR. SPEAKER: The adjourned debate on the proposed resolution of the Honourable Member for Burrows. The Honourable Member for Springfield.

MR. FRED T. KLYM (Springfield): Mr. Speaker, the resolution as submitted by the Honourable Member for Burrows the other day, dealing with the matter of commercial reporting by retail credit bureaus, asks for a great deal of privacy to be exercised for every individual doing business. However, the Legal Research Institute of the University of Manitoba had conducted a study on this and had made a report out. It is a good resolution and whatever they had presented was very good probably on paper, but at the same time I think if we examine things very closely we find that all that report deals with two different levels. First, there's the problem of preventing certain kinds of information from getting into the files of the reporting agency. Next, there is that question of making sure that the data so acquired and collected is used for, probably for improper purposes. There is also the question, and the Investigation Bureau examined them, that this would be a very tedious, cumbersome and, last but not least, a very expensive thing. It has been found out and examined that the percentage of actual errors is not so great, and the cost involved would not warrant the expense and so forth, and it's time consuming, procedures such as are recommended. I think it all requires further study. The licensing again of commercial reporting agencies is opposed as unnecessary and it is suggested that the proponents of such licensing should have the clear onus of proving the necessity of such an action.

We all must understand that credit is not a right. Credit is a privilege. Under licence the source of information from all sources would probably dry up very quickly and as such may prove rather disastrous to the economy. This is a complex problem and licensing alone would be of little value because licences are sometimes working to the detriment of many things. The regulations of commercial reporting agencies would have to be defined to include private investigators and credit grantors and any other persons. All that would have to be compiled. The farm corporation that makes a report concerning credit, this would involve an undetermined number of persons.

Now, the undetermined number of persons of course has probably caused a great deal of expense to the province, or whatever the case may be, whoever handles it. It would not be practical or possible to handle all reports with a great deal of effort. Only unfavourable reports would be probably processed. But who could tell us which reports are favourable and which are not favourable? There is that tendency, and to prove all that would be a rather cumbersome, slow process, and also expensive as I mentioned a few moments ago. In my opinion

(MR. KLYM Cont'd.).... this field does not require legislation. On the other hand it requires education. Probably this would be a good test also to be considered once the ombudsman arrives on the horizon. To my knowledge, thus far privacy is being exercised in many respects. We do not find those firms probably going up to see the neighbours, going to see different people or probably getting all the information by telephone here and there. It was done once upon a time, I remember, but such is not the case today. I do not know of any hardship imposed on anyone except one of his or her own contrivance. People don't like to get into trouble for themselves and probably try to get out of them somehow, asking probably the government to bail them out.

Although, as I mentioned a few moments ago, the report is well taken, but at this moment I think it would be impossible to have it carried out as such things could not be done in a hurry. It takes time to make a real good study of it. Look at the report. Look at further investigation and studies to be made by the Legal Research Council of the University of Manitoba. Then, and only then, I think we would be able to support such a venture. Mr. Speaker, just as things stand, I do not think that I would be prepared to support the resolution.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Selkirk.

MR. HILLHOUSE: Mr. Speaker, I think this is a very involved problem. In some senses it may be a very necessary thing, in order for trade and commerce to be conducted along proper channels, for proper information to be obtained regarding the credit rating of any individual. Yet, on the other hand, I can appreciate the fact that inaccuracies in reporting on a credit rating of an individual may cause that individual a great deal of damage, and I feel that this matter should be referred to this committee so that this House can listen to the authors of Privacy and Commercial Reporting Agencies, that is R. Dale Gibson and John M. Sharpe, with a view to finding out whether or no there is not some common ground in respect of which we can deal with these matters and hear the representations from the various credit bureaus and the professors and all people either pro or con. I don't think we should dismiss this resolution in a summary way. I think it is an important resolution, and I think that it merits our study. I know, from my own experience in my own office, of people who have suffered serious damage, embarrassment and inconvenience through improper credit ratings given. They have been -- well, there's been straight misrepresentation or they have been taken from some other person altogether, and I feel that it is a matter that we should not gloss over in a summary way. It is a matter which is worthy of consideration and I think this resolution should be supported.

MR. CARROLL: Mr. Speaker, possibly I could say a word at this time before the debate is closed. I, too, think there's a great deal of merit in the report that has been tabled. I think that there are certain people who are hurt as a result of false reports or there are areas in which there may be disputes, where the fault might lie on either side, and I think this is an area that is going to cause a great deal of difficulty in sorting out, to know just how to resolve those disputes as between a merchant who may have sold goods and a person who bought the goods but who may have been dissatisfied with them in some way with the result that the bill was not paid and he develops a bad credit rating as a result, and there must be some machinery of some kind established to try to arbitrate in the case of these disputed claims. I think we don't know enough about this whole area. I think a great deal of study and work has to be done on it. I think there's too much of the business of the provinces being done on retail credit to jeopardize sources of information such as is provided by credit granting agencies.

I've heard also some of the criticism of the committees that have been established by this House, and I would tend to favour the idea of leaving this matter with the Department of Consumer and Corporate Affairs at this stage. We will be introducing legislation later in the House that will see the establishment of a bureau that will have some general responsibilities in the field of credit, and perhaps in the course of their work between now and the time that we meet again, we can have developed some views on the idea, assemble some information, and be better prepared at that time to consider what the province should be doing in the field of controlling or regulating credit reporting agencies, and this would be my suggestion at this stage. We also know that this problem is not peculiar to Manitoba. There are a great many other jurisdictions that have an interest in this field. Certainly I would like to pursue with other people who may be more experienced what they feel should be done, with a view to being able to discuss this more intelligently at our next sitting.

MR. HILLHOUSE: Would the Honourable Minister permit a question? Don't you think that if this matter were referred to a Standing Committee, and an investigation was made there,

(MR. HILLHOUSE Cont'd.).... that your Department of Consumer Affairs would benefit from the information that was obtained at that hearing?

MR. CARROLL: There's no question that this is possible. I would hope that, before committee sits, that we are in a position to have assembled some information and do some preliminary studies on this matter so that the time of the committee won't be wasted, as it possibly has at some times in the past where we haven't had adequate background information of the kind that possibly we had this time, where we had a consultant who has spent at least two years or more in the field of consumer credit. We don't have anybody at this time who has the background knowledge from a departmental point of view, and assembled facts that we would need, I think, to discuss this intelligently.

MR. SPEAKER: The Honourable Member for St. John's.

MR. CHERNIACK: Mr. Speaker, I've lived through the history of consumer protection problems in the last few years in this House, and unfortunately, the Honourable the Minister of Consumer Affairs I think did not participate actively in the work of the Standing Committee on Statutory Regulations in the field of consumer affairs study.

MR. CARROLL: I wasn't a member....

MR. CHERNIACK: Yes, he wasn't even a member of the committee, and therefore I cannot ask him to confirm my statement, but I would ask him to ask others in the committee, that I believe that the progress that was made in practically having a ready consumer protection legislation was because of the work of the committee and not the work of any department, because indeed, over a period of time, the committee had an opportunity to hear from the people involved, from the vested interests, from the consumers, from people involved in attempting to protect and speak for the right of the consumers, and indeed from all the people who were afraid they would be adversely affected by legislation dealing in consumer protection, and you would never have anything like the slow progress that you have made. It would have been no progress if it were left to lie dormant without the work of the committee, and our complaint was not that the committee didn't do the work but that the committee wasn't allowed to do the work, because it wasn't called.

Nevertheless, when it did meet, it made substantial progress, and let me again inform the Minister of Consumer Affairs, because I think he's not aware of it, that the person that worked with us, the legal guidance which we had in the committee, was hired from outside of the department and outside of the Legislature and who, when he came to meet with the committee the first time, knew practically nothing about the problem in excess of what other members of the committee knew. Oh yes, he started with the committee in a position where, as a lawyer, he had approaches. The Honourable Minister keeps shaking his head. I presume he wants it recorded that he shook his head in disagreement. I think I am speaking accurately in stating that the lawyer that was employed at the time he was employed had only an interest in this matter, in the consumer protection, to the same extent that any other intelligent, aware lawyer or person in the community would have, and all the expertize that he has acquired - and he has a great deal of expertize - was acquired since he first started to sit with this committee, and because of all that he learnt, both in this committee and his other studies. So it is absolutely wrong to say that because they had a man then who could work with it and they haven't a man now, they can't proceed. It's just absolutely incorrect.

Now, Mr. Speaker, the Legal Research Institute has come up with a very, let me say fairly exhaustive review of this problem, and points out the need to protect the credit industry of Manitoba as being an integral part of the economic operation in this province. And the Honourable Member for Springfield is wrong in saying this is not a matter of right; this is a matter of privilege. Credit today is an essential which must be given, granted and received in order to carry on, and although one doesn't talk about any divine right or God-given right, it is much more of a privilege, both for the granter and the receiver of credit, and this study that was made by the Legal Research Institute took very, very careful cognizance of its importance and came up with recommendations. Now, Mr. Speaker, the Honourable Member for Springfield says, "Let's take time to let them make a real study." And the Honourable Minister for Consumer Affairs said, "We are not ready to carry out...." did he say -- he didn't use the word "licensing" but "control". He said, "We're not ready to control." There's no suggestion in this resolution that anything be imposed by way of control, licensing or anything else. Let's read the resolution like the Honourable Member for Lakeside has done today:

"Whereas the Legal Research Institute of the University of Manitoba has published a

(MR. CHERNIACK Cont'd.)... report on Privacy and Commercial Reporting Agencies." There isn't the slightest doubt about that. Members of this House have copies of this report and that's exactly what it is. It is a report as stated in the preamble. You can't say, "I vote against it. It's wrong, the contents." It's a fact. Here it is.

So it says: "Resolved that the recommendations in the report be considered by the Standing Committee on Statutory Regulations which shall report same to this House." Who can best consider recommendations and find for them, against them, variations, than a committee of the House? And certainly the Honourable Member for Springfield and I, in the company of seven other members of this House, had considerable time spent travelling from Toronto to Vancouver investigating a problem on behalf of this House, and he should know, as I know, that a committee is best capable of making an exhaustive study by giving the time and giving the benefit of the study of various people.

Now, Mr. Speaker, I want only to refer to the recommendations briefly. If there's no adjournment, the Honourable Member for Burrows would close debate and I am sure that he would just recap it, but I want to point out that the recommendations here are such which should be studied and which are there to protect both the honourable, legitimate collection agencies and the consumer who is endangered, as has been mentioned by the Honourable Member for Selkirk, by the fact that there may be, in all good faith, inaccuracies, misstatements in reports which are confidential and of which he is not aware. You walk into a store and if you are refused credit, you don't know why you are refused credit, and for all you know there's a report sitting on somebody's desk which, for valid reasons - I mean, by good faith or by bad faith - may misstate facts. They may be libelous and you don't know about it. And one of the suggestions made here is that when a report is made, the person about whom the report is made should receive a copy so he can check its veracity. That's all. What's wrong with that? If a person who is responsible is willing to make a statement about the credit standing on another, surely he should be responsible enough to agree that, if he has made an error, it should be drawn to his attention so he can correct it.

There are other recommendations which will probably be dealt with by the member, but the reason I spoke was that neither the Member for Burrows nor the Honourable Minister of Consumer Affairs were members of the Committee on Statutory Regulations which had the experience of dealing with consumer protection, and I thought it only fair to point out that, in my opinion, when that committee was permitted to sit by the government, it did most valuable work; and our complaint is not as to what was done but the fact that it wasn't given the opportunity to do enough, and it could do a great deal to help the Minister of Consumer Affairs if he would only recognize its value, and see that he would then probably acquire the support of the entire House for the kind of legislation he would bring if it arose out of studies made by a committee of all parties, much more so than if somebody in his office did some work somewhere without the benefit of the experience, both of the members of the House who were on the committee and of the people who would bring briefs and make presentations and present arguments. I would urge him, if he can, to reconsider the position he took and to say, yes, this is a matter which could be studied by the committee. So far the government is still in control of what the committee does and when it meets, but at least let him think for a minute that nobody is suggesting any legislation of any kind. No control. Nothing is being suggested as being passed here, but only studied.

MR. SPEAKER: The Honourable Member for Burrows. Order, please.

MR. LYON: Is the honourable member closing the debate?

MR. HANUSCHAK: Yes. I'd be closing the debate if I speak.

MR. LYON: Perhaps I could be permitted, Mr. Speaker, to say two or three words on the resolution. I notice with interest the resolution that was placed on the Order Paper by the honourable member. My purpose in intervening in the debate is only to say that the report that he speaks of is in the hands of -- let me be sure. Are we speaking of Resolution 3 or 4? Four. The report from the Legal Research Institute of the University of Manitoba on Privacy and Commercial Reporting Agencies is in the hands of the Attorney-General's Department, is being given consideration at the present time. For my part, we regard the report as being an extremely interesting document and a valuable document. We intend to give it serious consideration. I will not be supporting the resolution to refer it to the committee because I think the study that is going on at the present time is the best kind of study for it. We'll make a determination in the light of these studies as to what future action, if any, will be taken upon it.

MR. SPEAKER: The Honourable Member for Burrows.

MR. HANUSCHAK: Mr. Speaker, I just wish to make a few brief comments in closing. Really, Mr. Speaker, I fail to see why the government is opposed to this report going to the Standing Committee on Statutory Regulations and Orders. I fail to see how it would in any way interfere with the departments of our government doing their own study, whether it be the Department of Consumer Affairs or the Attorney-General's department. I think that both should be done. Well certainly the government should study this report, but an opportunity should be given for the public to present its views and for the members of this House to present their views, and I'm sure that that would, in fact, assist the government in bringing forth better legislation to deal with this matter. It's unfortunate, Mr. Speaker, that the Honourable Member for Springfield - in fact I rather suspected the Honourable Minister of Consumer Affairs - they took the position that we're calling for certain legislation in this resolution, but we're not. We're merely asking for a study of the matter of commercial reporting and nothing more. And then, after the study is complete, the members have an opportunity to study its report, then at that time it can be decided what legislation should be called for.

MR. SPEAKER put the question and after a voice vote declared the motion lost.

MR. HANUSCHAK: Yeas and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members.

For the benefit of all honourable members, we are dealing with Resolution No. 4 on Page 4 of the Order Paper.

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

YEAS: Messrs. Barkman, Campbell, Cherniack, Dawson, Desjardins, Fox, Guttormson, Hanuschak, Hillhouse, Johnston, Kawchuk, Miller, Patrick, Shoemaker, Tanchak, Uskiw and Vielfaure.

NAYS: Messrs. Baizley, Bjornson, Carroll, Claydon, Cowan, Craik, Einarson, Evans, Graham, Hamilton, Johnson, Jorgenson, Klym, Lyon, McGregor, McKellar, McKenzie, McLean, Masniuk, Spivak, Steen, Watt, Weir and Mesdames Forbes and Morrison.

MR. CLERK: Yeas, 17; Nays, 25.

MR. SPEAKER: I declare the resolution lost. Adjourned debate on the proposed resolution of the Honourable Member for St. John's.

MR. STANES: Mr. Speaker, again I was paired with the Honourable the Leader of the New Democratic Party, and should I have voted I'd have voted against the resolution.

MR. SPEAKER: The Honourable Member for Logan.

MR. HARRIS: Mr. Speaker, I was paired with the Honourable Minister of Labour. Had I voted, I'd of voted with the opposition.

MR. SPEAKER: Adjourned debate of the proposed resolution of the Honourable Member for St. John's and the proposed motion of the Honourable the Member for Selkirk in amendment thereto, standing in my name.

MR. HILLHOUSE: . . . permitted, I didn't speak to the question of order when it was raised the other day. I think the House just adjourned at that time. I'd like to have the privilege of speaking to the question of order or to the point of order.

MR. SPEAKER: The Honourable Member for Selkirk.

MR. HILLHOUSE: Thank you, Mr. Speaker. Mr. Speaker, I submit the amendment which I moved is in order inasmuch as it does not negate the main motion but simply adds to the main motion and, as such, it's in order under our rules. Now it's pretty hard to know in advance what case I have to meet because I have no idea what Your Honour's ruling is going to be, but I am assuming though, on the basis of the ruling which you made the other day, that you may take the position that the committee to which I refer has been constituted. Now my submission, Mr. Speaker, is that the committee has not been constituted, and if you will read on Page 5 of Hansard where the First Minister made this motion: "Mr. Speaker, I move, seconded by the Honourable the Attorney-General, that the Standing Committees of the House for the present Session be appointed for the following purposes" - then he lists the standing committees - "which several committees shall be empowered to examine and inquire into all such matters and things as may be referred to them by this House, and to report from time to time their observations and opinions thereon, with powers to send for persons, etc." Further down he makes a further motion. The First Minister says: "I move, seconded by the Honourable the Minister of Consumer and Corporate Affairs, that a special committee of seven persons be appointed to prepare and report, with all convenient speed, a list of the members to

(MR. HILLHOUSE Cont'd.)... compose the Standing Committees."

Now, Mr. Speaker, my point is that these seven persons have not yet been named nor have they reported the names of the personnel of these Standing Committees, so therefore the Standing Committees have not yet been constituted, and if Mr. Speaker would like any other authority other than what I say, I would refer you to the remarks made by the Honourable the Attorney-General yesterday when he told this House that none of the Standing Committees of this Legislature had yet been set up. So if that is one of the objections that you have, that this committee has been appointed, my submission is that it hasn't and that I'm in order in that respect.

MR. SPEAKER: I have examined this amendment and I find it quite in order. Are you ready for the question? The Honourable Member for St. Matthews.

MR. ROBERT STEEN (St. Matthews): Mr. Speaker, just a few thoughts that I'd like to share with the House on the amendment. The amendment, and of course the main motion which it is amending, seem to do two things. There is a major part and a minor part to it, and the first thing that both seem to hint at endorsing is the principle that was embodied in the Civil Remedies Code which was introduced into this House by the Provincial Secretary a few years ago. The Member from St. John's when making his speech on the main motion quoted at great length from the Civil Remedies Code, and in a very excellent speech happened to reiterate the principle of the compensation to victims of crimes of violence, a principle which I think every single member of this House endorses to the fullest.

I am very pleased on my own behalf, and I think I speak for my colleagues on this side of the House, when I say that we reiterate that principle as espoused by the Member from St. John's, and as again mentioned at great length by the Member from Selkirk when he was introducing his amendment, because we all agree that we would like to see more action taken in this field. We commend the Attorney-General of our own province for what he has done last year in the introduction of the amendments to the Attorney-General's Act, which puts this province on par with every other province in the country who has gone into this field where we have provided assistance for those who have been damaged or had bodily injury inflicted upon them when assisting the police in their work. Only one other province, and that is the Province of Saskatchewan, has gone any further than what we in Manitoba have now done, and I hope that we in Manitoba some day soon, when feasible, will go even further and extend the assistance that we offer to people who find themselves in these unfortunate circumstances.

However, in reading both the main motion and the amendment, I detect that this is not the main part of the relief they are seeking in the House here. I think that the main part that they're trying to get at, both the mover of the resolution and the mover of the main motion, is a criticism of this government for its handling of activities before various committees, special and standing, of this House, because the main motion starts out with these leading words: "Therefore Be It Resolved that this House severely criticizes the government for its failure"; and the resolution starts out with these words: "Therefore Be It Further Resolved that in the interests of natural justice and in order to give the government an opportunity of redeeming broken promises"; so it appears that the main concern of the mover of the resolution and the mover of the amendment seems to be one that is to embarrass, to criticize and to condemn this government, and because of the offensive form in which both the amendment and the resolution are worded, I don't think that either are worthy of amendment back into a straight endorsement of the principle. I think they should both be defeated. Because what is the point, Mr. Speaker - I could very well have said the same remarks on the previous question - what is the point of sending things to a committee of the House when that committee of the House will receive representations from the general public in the form of briefs which have to be read by the members of the committee, when every member of the committee has already received all the leading briefs on this particular subject, has already read and studied them, and the next point that the committee would have to do is to make some form of recommendation or the government would have to take some action, and last year the government did in this province, and until the government takes some more action there is no point in the committee meeting to rehash a brief that was already received and read before.

The same thing could have been said to the Member for Burrows on his particular motion that we just finished sending to the place where it deserved to -- (Interjection) -- Yes, the incinerator - because every single member in this House has received briefs through the mail on both sides of that particular question. I cannot understand, Mr. Speaker, why we in this House

(MR. STEEN Cont'd.)... are being asked always to set up a special committee or set up a standing committee on a particular subject, either which we have already dealt with, which we are going to deal with or which the next move is up to the government, because only the government can introduce matters which call for the expenditure of money, and there is just nothing we can do in the committee except sit back and say, "My gosh, I only wish we could do something."

So in view of the fact that both the amendment, and I condemn the main motion too, are in my opinion - and I might be warped in this but I think there are about 30 members of this House who probably share my view on it - can say nothing more than barbed criticisms at this government and really pass right over the principle which we all endorse anyhow of compensation to victims of crimes of violence. I think we should get right down to the bare facts of it and defeat both.

MR. SPEAKER: The Honourable Member for Kildonan.

MR. PETER FOX (Kildonan): Thank you, Mr. Speaker. I listened attentively to the words of the Honourable Member from St. Matthews and apparently he agrees and he endorses the principle, but because there's a bit of criticism directed at the government he's going to vote against the principle. Now you know somebody once said, and this is always referred to as biting off the end of your nose to spite your face, and I think this is the attitude that the 30 members that agree with him must be taking. We are involved in a resolution, which although it does chastise the government, the Member for St. Matthews had said has validity and everyone endorses it.

Let's take a look at the question. I know it's been elucidated by a number of members, but just for the sake of myself getting into the argument, let us have one more look at it. The present statute that we have in regard to compensation to victims of crime is coupled with the enforcement agencies having to request their assistance and then only will they be compensated. It has to go before the Attorney-General and if he deems it necessary he can make a request to the treasurer and then someone may get assistance.

Well, I asked the other day the Attorney-General if anyone had requested this aid to date and he said "no." Naturally, this is just what we expected because Ontario has had this problem. They have had the same kind of a law, and I shall read into the record from an editorial article what it said about this situation in Ontario. "The first test" - and I'm reading, Mr. Speaker - "The first test of Ontario's Law Enforcement Compensation Act passed last year to compensate persons killed or injured while assisting the police has left the victim without compensation and the government with an embarrassing legal headache." Now we've got precisely the same type of legislation here. "According to the Compensation Board set up to consider claims, a police officer must be actually present at the scene and engaged in arresting a person or preserving the peace before an assisting citizen can claim compensation for injuries suffered. In effect, the judgment means that the citizen who is killed while trying to prevent a murder or stop a fleeing criminal is simply a dead hero if the police are not around. His next-of-kin have no claim to compensation. This, however, is directly contrary to what the Legislature intended." I'm sure that we here all did not intend this kind of legislation, but this is what we have on the books and this is the kind of interpretation it will get in the courts. The operative section provides that "the Board may award compensation where any person is injured or killed by an act or commission by any other person occurring in or resulting directly from assisting a peace officer in arresting any person or in preserving the peace." And this is the weakness, Mr. Chairman, of this particular Act.

Now what are the values that are involved in this question, Mr. Speaker. At the present time, for a criminal we have an elaborate and costly enforcement set up. We have the judiciary, then we go into the penal institution, we have incarceration with very expensive buildings and guards. We have rehabilitation for the prisoner in there; we have welfare and maintenance of the family - social workers involved; we even go to the expense of providing legal aid for the criminal. Now this is a person who has done things wrong, and as a member says as an aside, "We even let them go ahead and have a university education at the same time."

What do we do for the victim, Mr. Speaker? No consideration. Unless a policeman was present and insisted that a person help him, nothing is done for him. Just the other day there was an article: "Man Beaten with Bottles." He's still in the hospital, critical condition, but there was no policeman around and I am sure that this gentleman will get no assistance of any kind. People that are injured under these circumstances certainly have resort to court, that

(MR. FOX Cont'd.)... is going to court, but I believe the Honourable Member for Selkirk gives a pretty clear picture of what has happened in that regard. The people that go to court have to first of all pay out their own money in order to hire legal aid or legal counsel; they have to lose time while they're in court testifying; and then on top of that they may not be able to get an award to begin with because the criminal that they are trying to get some compensation back from may be indigent, have no means, he may be incarcerated also, and of course there's always the case when the criminal is not found and can't be identified. Who do you sue then? Mr. Speaker, this question is a very serious question. The member for St. Matthews has admitted that, but of course, as I said, because there is a bit of a reprimand involved in the resolution he is going to vote against it even though he believes in the principle.

We all know that there have been a number of jurisdictions that have gone into this question of compensation to people involved and being injured in criminal activities. There's been some very enlightening material come out of Great Britain where they've had this for a number of years now, and their experience indicates, although it was heavy at the beginning it has averaged out, and on a comparative basis in regard to costs, comparing population figures with our own here in Manitoba, a compensation scheme of this magnitude would cost about \$50,000. Fifty thousand dollars a year, Mr. Chairman, is a very small sum to pay for what will be involved in rehabilitating this province away from crime. Now why do I say this, Mr. Speaker? For the simple reason that there was a gentleman here from Great Britain last year, Sir Edmond Davies, a British High Court Judge in the Queen's Bench division, and at the convention of the Bar Association he had this to say, that since they have instituted this system of compensation to victims of crime, apparently the public has taken a new attitude towards it. They have decided that they want to have a law-abiding society and now they are willing to help and prevent crime before it happens. And the beauty of this, Mr. Speaker, is that when you help prevent crime you are helping yourself, because the investment that is really occurring to the individual who helps prevent crime is that we do not have to have these elaborate institutions; we do not have to have the law enforcement overworked; we do not have to have rehabilitative processes, the social services, the welfare services. All these things are a saving to the taxpayer if we eliminate or cut down the amount of crime, and I think this is a worthwhile approach to the question.

Now how could we accomplish this system of compensation to victims of crime? I think we have a prime example of how it can be accomplished by applying the workmen's compensation technique to it. The method has worked well in Great Britain where they have a board set up where the appeals can be made, where they are heard, and if hearings have to take place with further evidence or witnesses, then they are adjudicated, the compensation is on a minimal basis just to cover the needs of the parties involved, and I think on that basis we could probably do the same here, Mr. Speaker. If we set up this board it could hear the cases that came before it, and of course, as I said, once we have established it I am sure that the incidence of criminal activity would probably be abated because every citizen would want to become involved in preventing it. I believe almost all of us are aware of how difficult it is sometimes to even get witnesses to a traffic accident, never mind to have someone assist you to prevent criminal activities, and as long as we don't compensate people for injuries during criminal activities we're going to have the apathy and of course the abstention by the general public. So therefore I commend this resolution to the House, Mr. Speaker.

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

MR. GUTTORMSON: Mr. Speaker, I move, seconded by the member for Lakeside, that the debate be adjourned.

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

MR. EVANS: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Transportation, 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 Monday afternoon.