

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Friday, April 10, 1970

INTRODUCTION OF GUESTS

MR. SPEAKER: I should like to direct the attention of the honourable members to the gallery where we have with us this afternoon 30 employees of the Beaver Lumber Company. They're from Manitoba, Saskatchewan and Northwestern Ontario. They're in Winnipeg to receive their long service awards. On behalf of the honourable members of the Legislative Assembly I welcome you here this afternoon.

PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: Proposed resolution. The Honourable Member for Ste. Rose. The Honourable Member of Ste. Rose.

MR. GILDAS MOLGAT (Ste. Rose): Mr. Speaker, I continued my debate the other day on this subject at the insistence of the Minister of Finance, and I regret that he's not in his seat - Oh here he is. He assured me he would be present to get the benefit of my statistics as to the number of companies that moved into the Province of Alberta as a result of their change in the estate tax.

Mr. Speaker, I must confess that not being equipped with the same research personnel as my honourable friends presently in the government, I'm not able to really make a study in depth in the same way as the Minister of Finance could, and not having taken advantage of their Whip's suggestion at the last session that members on the government side could make use of executive assistants anytime they wanted for speech material and research and so on, I have had to depend on my own resources. I might suggest to the Minister of Finance that he might consider equipping members of the Opposition with research assistants, this is something that would no doubt be of benefit to him as well as to members on this side.

But within the limitations imposed on me by time and staff, I would like to suggest to the Minister that there have been a number of statements made by, I think knowledgeable people, as to the effect on the Province of Alberta, and I'm referring, for example, to a story that appeared in the Financial Post. It's the 9th of March, 1968. And I note that in certain other fields my honourable friend rather likes what the Financial Post says. This is a statement made on behalf of the Government of Alberta. "Estate Tax law proves pay dirt for Alberta," is the headline. And the sub-headline is, "After Act went into effect more than 110 companies set up share transfer points." Now I realize that the Minister of Finance will say, well share transfer points really are not very serious. But they do nevertheless indicate more involved corporate structure in the Province of Alberta because these people have set up, in some cases, head offices, in other cases, share transfer points, which has nevertheless brought in to the Province of Alberta some very definite benefits.

But to come to a more recent story, Mr. Speaker, and this one's from the Globe and Mail, January 24, 1969. The headline on this one is "Trail Blazing Estate Tax law luring new wealth to Alberta." This is headlined "Calgary". "The consensus of those in government, investment, and Trust Companies is that the economic impact of Alberta's elimination of Succession Duties on April 1, 1967 has been favourable." It then goes on to quote an individual who has no political axe to grind in this, he's a civil servant: Mr. F. G. Wyatt, Administrator in the Provincial Treasury Department in Alberta. And here is what Mr. Wyatt had to say, and I will not quote the whole of the story, it's a fairly lengthy one, I'd be happy to supply the Minister of Finance with a copy, although I would assume that his research assistants would have it in his files now.

MR. CHERNIACK: An extra copy is good to have.

MR. MOLGAT: And Mr. Wyatt said Alberta's share of the Federal State tax for the '68-'69 fiscal year is estimated at 6.2 million. He suggested that even if this full amount were to be rebated to estates, even if the full amount were to be rebated, and he added - and it would not be because some of that would be money from estates not domiciled in the province. And this is the key statement in my opinion: "Even if the full 6.2 were rebated, it would be a small price to pay for the benefits of the new law." This, Mr. Speaker, is a statement by, not a Cabinet Minister, not someone who has a political aspect in this, but by a civil servant who is looking upon it strictly in his capacity, and he states that if the province of Alberta were to rebate in that year the full amount, it would be a small price to pay for the benefits to

April 10, 1970

(MR. MOLGAT cont'd.) Alberta. So, Mr. Speaker, I think that we have to accept that those responsible in the Province of Alberta, the technical people within the Finance Department, are agreed that it is of full long-range benefit to Alberta. The story goes on to quote that there are substantial benefits from the standpoint of the Income Tax collected now in the Province of Alberta versus what it would be without this tax.

So, Mr. Speaker, I commend to the Minister of Finance a study in depth on this matter. I presume he may have done some of this because last year he indicated when I introduced the same resolution that the government would give it consideration. It would appear, Mr. Speaker, that the Province of Alberta has in fact had some substantial benefits. The difficulty in getting the exact statistics is that people who have moved to Alberta are not necessarily advertising that they have.

MR. CHERNIACK: They're not dead yet either.

MR. MOLGAT: They are not making any statements that they are leaving the Province of Alberta and setting up domicile elsewhere and that's understandable. They don't want to publicize this. But the people in Alberta, in the administration are satisfied and are prepared to say so publicly that this has been an advantage to Alberta.

I want to come back now, Mr. Speaker, to what our own TED Commission had to say on the subject. I hear the Minister of Mines and Natural Resources. He seems to have a phobia about TED, Mr. Speaker. Maybe he ought to tell us what he thinks about the TED Commission Report. . . . If he doesn't agree with it - fine. Let him tell us. I'm still waiting as I said for a statement by the government. But the facts are that the TED Commission made a study of this in depth. The Minister of Finance seems to think that they haven't. Well, here are their own statements. They state, and I'm quoting now from their chapter on Taxation, Page 355: "To put taxation as a business cost in proper perspective, all types of taxation affecting industry in Manitoba have been examined. Payroll taxes, sales taxes, commodity taxes, municipal taxes, income taxes, etc." And their statement is: "It appears from this study that the only tax whose elimination would improve the climate for economic development is the provincial portion of the Estate Tax. Not a maybe, not a -- this is after analyzing, they say, all of the taxes . . .

MR. CHERNIACK: They say . . .

MR. MOLGAT: They say? Fine. If the government doesn't agree with the TED recommendation let it say so. But here is a group . . .

MR. CHERNIACK: Would the honourable member permit a question?

MR. MOLGAT: Certainly, Mr. Speaker.

MR. CHERNIACK: Could you indicate the depth to which the study was made?

MR. MOLGAT: Well there again, Mr. Speaker, I would have to ask the government with their very substantial research facilities to give me the answer as to how much depth there was, or possibly the previous Minister of Industry and Commerce . . .

MR. CHERNIACK: If he gives me my file.

MR. MOLGAT: From our standpoint, Mr. Speaker, this is a report submitted in this House. Mr. Speaker, let me remind my honourable friends presently in government that when this was submitted in the House at that time I was sitting in that spot over there and I asked the then Minister of Industry and Commerce for a statement of government policy, and I was supported then by my honourable friends who are presently the government. Supported in the feeling that here was an outside study made by people who were concerned about the development of Manitoba. There was no indication then by the present Minister of Finance or the then leader of the Party that they didn't accept the TED recommendation. In fact they joined with me in urging the government to move ahead on the TED Report. I proposed at that time to the Minister of Industry and Commerce to move in four fields which were the urgent ones, and I had the support of the present government. So if my honourable friends now are saying the TED Report does not apply, then let them say so. Let them make their position clear.

Mr. Speaker, the TED Report specifically states that they have studied all types of taxation as to how it effects industry and development in the province and their statement is that the only tax whose elimination would improve the climate for economic development is the provincial portion of the Estate Tax. They proceed to study, Mr. Speaker, the impact of taxes relative to other provinces, and they make the point with which I agree wholeheartedly, that the key situation is our competitive position vis-a-vis our neighbours, and in this area, Manitoba's main concern must be its level of taxation as compared to Saskatchewan and to

(MR. MOLGAT cont'd.) Alberta, because those are basically the provinces with whom we compete. They go on to indicate that in most other areas, Manitoba's tax burden roughly leaves us in an equal position with those other provinces. But they come back, Mr. Speaker, on the matter of estate taxation of Page 360 of the Report. And there their statement is equally clear. They say, the Commission, that is the basic TED Commission itself, its Advisory Committee on taxation, a broader group, and Manitoba Management, the businessmen to whom they spoke, all agree that estate taxation is an important factor in the business community and can be a deterrent in long-range business decisions affecting the development and expansion of industry in Manitoba. Much of Manitoba's concern over the economic effects of the Estate Tax has been raised by the introduction in Alberta of the Estate Tax Rebate Act. And I skip a few sentences. "The relative position of Manitoba is further affected by Saskatchewan's decision to also provide Estate Tax rebates." Mr. Speaker, their conclusion is that Manitoba cannot afford to withhold rebates of the provincial portions of Estate taxes if such taxes, or such rebates, are available to residents of Alberta and Saskatchewan. To do so would not only tend to drive out of Manitoba those most actively involved in the province's industrial growth, but to deprive the province of those income taxes they would pay if they remained residents in Manitoba. But costs of such rebates appear to be outweighed by the benefits they afford to family business, particularly farmers and growth companies. And they go on to point out, Mr. Speaker, that the main impact of the Estate Tax are on the basic small businesses, the family businesses, the family farms located in this province. That those are the ones that we effect mainly. Not so much - the report is clear on this - not so much the great international corporations, who are not basically resident here in any case, but the backbone of the development of our province, the people who reside here, who by and large have made their money here true, but who have provided the economic impetus to create here in Manitoba a favourable climate for employment. So, Mr. Speaker, I think that the Minister should not simply take the position he appears to take now that this is a give away to business. I'm no more in favour of give aways to business than he is. I think business has to stand on its own feet. But Mr. Speaker, I don't think that we can, faced with the situation of Saskatchewan and Alberta moving in this direction, that we can simply say we will stand pat on principle, we think that the Estate Tax is a proper tax -- and I think that too. I support the Estate Tax. But we're faced with the situation that we have to compete with what our neighbours are doing, and until such time as we can change what they are going to do, then we have to compete on that basis; or, we have to offer some other type of incentive. And I don't know of another type of incentive that would at this time - the TED Report agrees in this - provide us with the kind of approach to our own people, to our own small businesses, to our own family farms, than the rebate of this tax.

MR. CHERNIACK: Would the honourable member permit a question, Mr. Speaker?

MR. MOLGAT: Sure.

MR. CHERNIACK: Since he has already informed us that he agrees with the principle of estate taxation, could he inform us whether philosophically in his opinion if our neighbouring provinces would give up the progressive income tax, would he agree that we should do the same?

MR. MOLGAT: I think that we're faced with an entirely different situation here, Mr. Speaker, and the Minister will know that last year in the debate of his budget, I approved of the increase in the personal income tax. I agree with progressive income tax. But we're faced here with a development problem and in the light of this particular problem and the need for industry in our province, the need for industry to do the things that he wants to see done in social reform and which I want to see done, that we must first of all provide an employment base for our people; and that this is one way of doing it.

MR. CHERNIACK: A supplementary question. May I ask the honourable member if he is prepared to answer the question which I already asked?

MR. MOLGAT: I did, Mr. Speaker, I don't think that progressive income tax has an effect on our development. This is why I just finished telling the Minister that I supported last year the increase in the personal income tax; but that I think in this particular area, the government is harming development by proceeding to stick with its present policy. That I think a change of policy here is needed. Now, if he can convince Alberta and Saskatchewan to go back to the original system, fine. I said at the very outset yesterday, Tuesday, when I spoke on the subject, that I think that the tax ought to be a Federal tax not a provincial one. But we have to

(MR. MOLGAT cont'd.) face the facts. We are in a competitive situation. Mr. Speaker, when we're faced with a competitive situation, while we may not like some of the things we have to do, while we may not like to have to cut a price or this or that, if you're going to compete you must make up your mind, either you compete or you don't. And if the government is not prepared to compete on an equal basis, then in the long run the province will suffer.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, I noted with interest the enthusiasm of the Honourable Member for Ste. Rose in reading certain passages from the TED Report and I watched with great interest the expression on the face of the Honourable Minister of Mines and Natural Resources as it was read, and I have no doubt that we are going to have a debate that will continue for many days in connection with the TED Report and particularly this section. But I may say that although I am one who believes that the TED Report is a valid document to be followed by government, I also recognize that we are in a constant period of change and that there must be some recognition of the realities of our situation and there must be an ability on our part to try and tailor our programs based on the best information we have and on all the factors that we have identified by recognizing change and in effect then moving forward. Now I say this because I think it's essential in evaluating TED in this particular section as it will be in discussing other sections, and there are other resolutions that are on the Order Paper and there will be other opportunities for debate on the Minister's estimates, if we ever reach it; on the Budget debate, if we ever reach that, and we will have an occasion to be in a position to deal with this in a more effective way.

But I think it's important, before this debate, or any other debate in connection with taxation goes further in this Legislature, for us to understand the perspective in which we must view the TED Report and the whole issue of estate taxation and the whole question of taxation, whether it be provincial, federal or municipal. We do have a tax reform program on the part of the Federal Government that's before the people. It's in the form of a White Paper. We know that there's going to be legislation introduced by the Federal Government very shortly; we know as well that there may be some amendments and some changes that are going to be made to that White Paper. But the likelihood is that that program which the Federal Government would like to refer to as a "tax reform program" will ultimately become the new legislation in connection with federal taxation and it will mean that there will have to be introduced and integrated with it a new provincial tax reform program; and what everyone on the opposite side has tried to sort of hush up at this point, because they do not want to deal with it at this point, is what really we're going to have to consider when we try to integrate the provincial taxation system with the municipal taxation system and build a super-structure on to the federal system. This is important because it has direct relevance to the particular item on estate taxes and the particular section on taxation of the TED Report, because in the light of these changes it's very obvious that some of the impediments or some of the incentives that they believe necessary for industrial development are going to be altered directly by the changes that are going to occur on the federal level.

But I don't want to in any way suggest that the government should relieve itself of responsibility at this time by suggesting that all we should do now is wait until we know what the federal system is and then on the basis of the federal system we will then take some action. I think that there is going to be an obligation and I think in the weeks to come we are going to ask the Provincial Government to put forward the likely possibilities that can occur so that we can intelligently evaluate not only what will be taking place in the federal scene with respect to taxation matters, but the likely possibilities that will occur in connection with the changes on the provincial scene, so that there will be a way to evaluate the budget that will be forthcoming from the Honourable Minister of Finance at some time. So therefore may I simply say this: we know that in terms of our situation in Manitoba, we have a high level of personal and corporation taxation, and before we get the standard answer, "Well, there isn't a shift", before we get that, let's at least accept the fact that we do have a high level of taxation on this, at this point, whatever the reasons may be, and I'll argue with them afterwards, but this is not the point. Let's at least accept that. The white paper when it came out indicated that and all one had to do was to look at the tables to realize where Manitoba stood in this respect.

We know, as well, that government in determining its estimates for this year and in determining its budget for this year -- we do not know the budget but there is an indication

(MR. SPIVAK cont'd.) that it's going to be balanced, we know that in terms of the estimates there was an availability and a capability on the part of the government to be able to assist people who must pay taxes at a variety of levels. We know that there was an ability to assist people in connection with the taxation that must be placed on real property; we know there was ability to assist people in connection with the assessments that have been forthcoming, the enormous assessments that have been forthcoming, and I think the government cannot divorce itself at this point from this respect, and yet we can see on the basis of the estimates that the government has sort of been prepared to do this; to simply say as they have in the estate tax, we're not going to be competitive; we're not really going to do very much at the municipal level. We're going to allow it to rise and we will then wait and see what is going to happen.

Now I have a feeling that although this has not yet been expressed by the Minister of Finance, I think that the time will come when the government is going to stand forth and say, Well, we are trying to do the best we can within the limits of our ability and we are going to try and use the instrument of government and the moneys we have to try and lighten the load on those who can least afford it, and at the same time in doing this, we are going to attempt to try and hold our situation until we are in a position to know what will happen on the federal scene. And if they are not going to say that, then I say that because that's all that can be expected of them at this time. But what could have been expected of them was some leadership to recognize that we are in a difficult period of time in western Canada, we have a certain situation and that priorities have to be established, and within the framework of the moneys that are available it is necessary and essential that some courses of action be taken. And they could have been taken with respect to the Estate Tax without penalizing the public purse to that extent; and it could have been done in a variety of ways. It wasn't necessary for a full rebate as the resolution suggested. It could have been done if in fact the government would have been prepared to have indicated that up to a maximum of 100 thousand, or two hundred and fifty or two hundred thousand dollars without getting into the actual variables that could have worked and the amounts of money that would or would not be left to the public purse, there could have been some indication to the small person, to the farmer and to the small businessman that there was a capability at this point, of considering that his taxation position in Manitoba was to a certain extent going to be protected and he wasn't going to be put in this uncompetitive position and he was not going to have a situation where -- (Interjection) --- Well, I must say to the Honourable Minister of Finance, we were going to eliminate this -- (Interjection) -- Yes, that's right. And I'm saying to you that in the event that we would not have eliminated this my recommendation, without question, would have been to have put on the situation where at least the first 100 thousand or 200 thousand dollars of succession duties would not in fact have been paid, and there would have been a rebate and I assure the Honourable Minister of Finance, and I do not have the figures at my fingertips, that the amount of revenue that would have been lost would have not been that substantial. But the problem with the members on the opposite side is that in their attempt to govern at this point, and with the recognition that there will in fact be some tax reform program, they have really not addressed themselves to some of these problems because they are still a little bit mixed up in terms of their philosophy and in effect, many many people in this province, many many small, little people, are being affected because of the lack of action and the lack of decisiveness in this matter as in other matters. And we can talk about municipal assessment and you can say, Well we're divorced from this; we didn't have to do anything in this connection. But let me suggest to you that all the government had to do was establish its priorities, devote itself for some time to expenditure reform in the provincial budget and you would have been capable of finding the money that could have in fact, assist in connection with this and particularly the other resolution, the next resolution that will be discussed by others today and in the days to come. But it's important at this point for us to recognize several things.

The Federal Government White Paper on taxation will introduce a new tax program for Canada. It is not a tax reform. There's no doubt it's going to give the Federal Government substantial revenues, far greater revenues than they first claimed and the Minister of Finance indicates that the Provincial Government's position is pretty close to that of the Province of Ontario, who have indicated that at first it would be a billion, 200 million dollars that the new tax program will raise over additional revenue, and by 1975 it will be two billion. And the Federal Government will have that money to use as it sees fit, but it is taking it from the

(MR. SPIVAK cont'd.) people, and whether it will come back to the provinces to assist in their budget or not we do not know. But what we also must know, and this is important at this point that we at least recognize it in dealing with this item, that what the Honourable Member of Ste. Rose is talking about, even if this resolution was to have been passed. It's only a short-term situation. It's probably not even a year, because the Minister of Finance, within a year is going to have to introduce a new budget in which he's going to have to integrate the provincial and municipal taxations to the federal system; and God, at that point, the people in this province are going to wake up at the degree of taxation that they are going to have to pay on those levels to be able to carry on.

There is a feeling across this province, and I've had an opportunity to travel in the rural in the north and in the urban areas and I have a very good impression, I have a very good impression of what people are saying -- (Interjection) -- No, as a matter of fact, I tell you -- if the Honourable Minister of Mines and Natural Resources thinks that I've heard discouraging words, I have not, and I tell him that. And I tell you one thing you should not do is believe your own publicity. Yes, I tell you and I warn some of the others who have been as flippant and as enthusiastic about, you know, now is the time, don't believe your own propaganda. -- (Interjection) -- Yeah, and we made a mistake and you are just as likely to make that same mistake. Now let me say to you, that in travelling, the problem of taxation has reached a point where the people are discouraged, they are in fact inhibited and their initiative has in fact been tempered down.

MR. CHERNIACK: Are you ready?

MR. SPIVAK: Yeah, I'm ready; believe me, I'm ready. And I want to say this to you as well, that the people of this province do not yet realize that when we talked on the levels that the White Paper talks about in terms of upper limits, that first of all, that's only a faucet and the Federal Government at any time can open that faucet; and if we talk in terms of a 50 percent level, it could be a 65 percent level by the action of the Federal Government at any given time in a year or two from now. What they do not realize is what the provincial input will be, and it could very well be an additional 15 percent, so that we're talking maybe 65 percent. I don't want to predict now what the Minister of Finance is going to have to worry about, but don't anyone kid themselves, that with respect to taxation in this province, that when the provincial taxation is integrated with the federal scheme, and when municipal taxation will have to be paid based on the new assessments that have come out, taxation can very well become intolerable in this province and will defeat not just the ability to attract industry, it will discourage people staying here.

MR. MACKLING: Where do you buy these black crystal balls that you gaze in all the time?

MR. SPIVAK: Well, I want to tell you where I buy it. I have read enough not to know -- no, not from Manitoba industry -- I've read enough from some of those who participated in the tax program in Montreal to tell you that the integration -- and the Honourable Minister of Finance knows what I am saying is correct -- that the integration of the provincial taxation, and it's not just Manitoba, but in every provincial taxation system, to the implementation of the White Paper, if it is not amended in any substantial way and if the Federal Government does not direct that money to the provinces in its cost-sharing program and in connection with its other concerns, particularly in the urban area with the urban problems, that at that point we are going to have a rude awakening in this country.

So all I suggest at this point is that the Honourable Member of Ste. Rose in talking about this resolution is talking about the past, and this is the important thing. This resolution may have been brought up before but it really is in the past. It does not in any way I think discharge the members opposite from some degree of responsibility to try and put ourselves in this competitive position in the short-term, because we are only talking in the short-term; and it also does not mean that TED is the Bible as someone suggested; rather TED is a document that has to be read in the light of changes and some of their advice obviously has to be altered and the significant change is the fact that the White Paper is now before us and a tax reform program will be coming. But what we now should be addressing ourselves to, and what we now should be concerned about, and what we should in fact be talking about, is the degree of taxation that is going to take place in this province when the provincial and municipal system must be integrated and added to it, because that in itself creates a complete new ball game and it's important that there be some real public understanding in connection with this. But

(MR. SPIVAK cont'd.) this does not divorce the present government from its responsibility in not, in the short-term, showing some decisive action instead of sitting back, hoping, possibly, that this was not going to be an issue or because they still not yet have figured out in the short-term what they're going to be doing, or philosophically where they are going to be going.

MR. CHERNIACK: Mr. Speaker, would the honourable member permit a question? Could he indicate in a clear manner what his philosophy is in regard to the principle of estate taxation?

MR. SPIVAK: I think I have indicated the philosophy of estate taxation -- (Interjection) -- No, I have not. Terms of estate taxation obviously is that there has to be an incentive for those to save and to build and to be able to pass on to their children. That does not mean that there should be such an accumulation -- that people themselves are capable of accumulating wealth and not paying their share of taxation. But my philosophy would be that the small person in this province and in this country has a right to protect whatever savings he can accumulate and should not be put in the position where upon the death of one spouse or the other, he's not in ability to be able to pass it on. Because one of the incentives in our system is the incentive to be able to develop and build for the future for yourself and for your children and if you kill that incentive you're going to kill part of the quality that built this country.

MR. CHERNIACK: Mr. Speaker, would the honourable member permit another question? On the premise that he knows that the present Estate Tax law makes it possible to pass estates from spouse to spouse without taxation, would he mind stating whether he believes in the principle of estate taxation?

MR. SPIVAK: Yes, I want to explain to the Honourable Minister of Finance, I'm aware of the fact that the information you've said is correct, of course, if there's a qualification. In the event a person passes it on to his wife but then in turn leaves it to his children, he's taxes. -- (Interjection) -- Well yes, I know, but there's a big difference. He can leave it to his children; he can leave it to his wife and on her death it can go to the children and then it's taxed, so it's not just a clear question of leaving it to the wife. It's leaving it to the wife unequivocally and at one point there will be tax paid, and I have said to you that there does not seem to be any rationale to allow the small person and the small farmer and the small businessman to accumulate for himself capital to provide for the other spouse or in turn to provide for the children, and this is part of the incentive and this is part of one of the characteristics and qualities that has built this country, and in this respect I think it will curtail initiative, and in this respect in terms of philosophy, I disagree with it.

MR. CHERNIACK: For the third and last time, Mr. Speaker -- I promise it's the last time. Would the honourable member be prepared to state whether or not he believes in the principle of estate taxation?

MR. SPIVAK: I believe in the principle of estate taxation with sufficient exemptions to be able to provide for -- and I've said this unequivocally, to provide for I would think probably the vast majority of people -- (Interjection) -- Well I say this because I think if you recognize -- and I think the Honourable Minister of Finance will agree and he has the figures at his fingertips, I do not -- or if not I'm sure he's looked at it -- my understanding in connection with the amount of estate tax that was raised in the past few years would indicate if the exemptions were substantial and were placed in the 200 or 250 thousand bracket there still would be a substantial percentage of the estate tax money collected, and if the estate tax money -- and I do not know these figures. If I deal with them I'm dealing in speculation and I would rather not, but if in fact there are four or five million dollars raised annually by estate taxation in Manitoba, it would appear to me that there would be a very substantial percentage that still would be raised with an exemption of 200 to 250,000 dollars, and that's the kind of action that could have been expected and should have come from the government on the other side.

MR. CHERNIACK: I'm not going to press that again, Mr. Speaker. Would the honourable member then consider that 250,000 is a small estate?

MR. SPIVAK: I would say this, that in today's -- (Interjection) -- I would say that there are many many farmers today, even in spite of the conditions, if you analyze their assets and valuations at the market values of a couple of years ago, not at the market values of \$6.00 an acre but the market values of a few years ago, that their estates would be substantial and would come up. As a matter of fact, as the Honourable Member from Carillon said, you know if we were to value estates today on the basis of the assessments that have come out, and I

(MR. SPIVAK cont'd.) think you have to, on the basis of the unbelievable assessments that have come out, \$200,000 today in today's situation is not such an unrealistic figure.

MR. GREEN: Mr. Speaker, I want to just ask the honourable member a question if he would allow me. Do I gather correctly from the substance of his remarks that, for an industrial concern in any event, the less the taxation the greater the incentive and the better its competitive position as against other communities that might have a higher taxation.

MR. SPIVAK: No, I'm sorry I don't understand the question. I wonder if you'd pose it again.

MR. GREEN: The less the taxation the greater the incentive, that these things would follow: that if you had less taxation there would be a greater incentive and there would be a better competitive position if the tax was smaller relative to another jurisdiction.

MR. SPIVAK: . . . and I gather the question has to be answered based on my experience as an industrial developer, and I think I've had an opportunity to spend time in the -- Well, I think it's important because I think this is the answer, and it's a direct answer but it's not just a yes or no. In my experience, having had some experience with a variety of different kinds of enterprises, I may say that industrial concerns and those who ultimately make the decisions, whether it be the Chairman or the Board of Directors or the manager of the firm, as to whether they're going to locate, they're interested in two basic things. They're interested that the taxation system is competitive; they are not necessarily interested that it be lower. But they are interested as well, and this has been one of the problems in Manitoba, that there is a stability in the matter of assessment. We've had situations here in connection with this and the assessment is as important as the taxation, because without the stability of assessment they will do two things: (a) they will not locate in the province; and (b) they will not locate in the rural area, because they realize that if they're a large plant that they can very well become proportionately the highest assessment in connection with the municipality, and they therefore are more likely to the whims of the majority who in fact may take advantage of that fact.

So I would say to the honourable member that the stability of assessment is as important as any factor and the main thing is that there has to be a competitive position insofar as tax levels are concerned.

MR. GREEN: Well, Mr. Speaker, I'm just trying to understand my friend correctly. Then given stability of assessment, let's take that as a constant, would it be true that the less the taxation the greater the incentive, the less the taxation the greater would be the incentive and the competitive position would depend on the competing jurisdiction, and if all of those factors are good this would be an inducement to industry.

MR. SPIVAK: . . . that the inducement, there's no inducement except that they insist that if they're going to locate there is a competitive position insofar as tax levels are concerned.

MR. GREEN: If one could project the situation where there was stability of assessment, no taxation and a competitive position against all provinces, that would be the best possible position. Would that be correct?

MR. SPEAKER: Order please.

MR. GREEN: I'm just asking a question. If I . . .

MR. SPEAKER: Order, please. I'm wondering whether the Honourable Minister is asking a question for the purpose of clarification of a statement made by the previous speaker, or whether he is indirectly attempting to . . .

MR. GREEN: Mr. Speaker, I assure you I'm trying to get clarification of my honourable friend's position. I'll ask this question and then I promise, Mr. Speaker, to sit down, even if I don't get a direct answer which is very likely, but I'll still ask the question. If I were a businessman and I was given a position of no taxation in Manitoba as against high rates in other provinces, that would be a tremendous inducement to me as a businessman. I'm asking whether that would be so.

MR. DOERN: Yes or no.

MR. SPIVAK: On the assumption that those were the only factors involved, I would say yes.

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

MR. PETER FOX (Kildonan): Mr. Speaker, I move, seconded by the Member for Flin Flon, debate be adjourned.

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

MR. SPEAKER: The proposed resolution of the Honourable Member for Assiniboia as corrected, and the proposed . . .

MR. FROESE: By leave of the House I would like to change the word "implement" in the last line of the amendment to "implementing." I think this would put it in the abstract form required so that it would be in order.

MR. SPEAKER: Does the honourable member have leave?

MR. GREEN: Mr. Speaker, I think we're just about at the same point as we were with a resolution that was put by the Honourable Member for Assiniboia. If the words used, or even the exchange of words that is now suggested by my honourable friend are presented, the resolution becomes a redundancy. If it's not a redundancy then it involves the expenditure of public monies, and seeing that a fair interpretation of any position is that it means something rather than it doesn't mean something, then I would take it that the words "and implementing the program within the current fiscal year" means implementing the taxation program, and on that basis my honourable friend would not be permitted, in my understanding of the rules, to present the amendment, whether it said "implement" or "implementing". If it merely means "implementing the program of considering the advisability", then it's a redundancy, it doesn't make sense. So it can't be interpreted to not mean anything because I don't attribute such nonsense to my honourable friend, that he wouldn't want to say anything, and if he's saying something then he is asking for the expenditure of public monies and the resolution would be out of order.

MR. FROESE: Mr. Speaker, on the point of order. Naturally I'm asking for the implementing of the program. It would require monies but that's why we have the words "consider the advisability of", so it's in line with the resolution.

MR. GREEN: Mr. Speaker, I would ask, especially in view of the remarks that my honourable friend makes, that implementing the proposal means the reimbursing to each municipality of monies, then the proposal is out of order and I would ask Your Honour to so rule.

MR. WEIR: Mr. Speaker, on the point of order. I would suggest that the arguments have been made at least on a couple of occasions at this session and I don't think that you have been given an opportunity to render a decision. I think you've had an opportunity to consider precedents so I await your judgment.

MR. SPEAKER: In view of the fact that a change in the amendment has been proposed, does the honourable member have leave to make the correction?

MR. GREEN: We don't see that the correction changes anything so I don't mind the correction being made.

MR. SPEAKER: I take it then the honourable member has leave to make the correction and the correction is accepted, and I will now take the amendment as corrected under advisement.

The proposed resolution of the Honourable Member for Ste. Rose and the proposed motion of the Honourable Minister of Industry and Commerce in amendment thereto. The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, I wonder if I could have leave to have this matter stand. (Agreed).

MR. SPEAKER: The proposed resolution of the Honourable Member for La Verendrye. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, may I have the indulgence to have this stand? -- (Interjection) -- Well okay, if the members are not agreeable to have it stand I will make my contribution.

I think in 1968 the government of the day at that time made a new agreement with the Federal Government in connection with providing police protection under the Royal Canadian Mounted Police system for the Province of Manitoba, and at that time we had a similar resolution on the books and the Attorney-General of the day requested - I think they mentioned that they were in concurrence - but they requested that they give it time. I checked with the present Attorney-General as to what happened at that time and apparently the two villages in my riding that requested assistance did not participate in the program because it was still too costly for them. As a result they have not contracted, or are not benefitting under the program.

I feel that this resolution is really asking for help for villages of this type and I feel that they are entitled to some assistance, either the smaller communities that haven't got the assessment and the tax base to provide this particular protection that they need in their

(MR. FROESE cont'd.) communities, and as a result, I think we should have some kind of assistance program. We find that the communities that are a little larger, that they are able to engage people and police to police their communities and in this way they are better protected. So there is a group of communities, the smaller ones probably running to 1,500 in population, that should have this type of assistance. The resolution is probably open and maybe there should be a limiting factor here so that this would only apply to the smaller communities concerned. Probably an amendment would be in order in that respect so that there would not be the open end.

Mr. Chairman, we have found, and particularly in the latter years, that many robberies take place in the smaller communities, more so I think than in the cities in percentage to the population and also even to the larger centres in rural Manitoba. I think we hear too often of these robberies taking place, or the break-ins, but we don't hear of whether they've been captured, whether they've been taken to court or whether they've been brought before a court so that they would be dealt with. So if this is not checked and if we are going to do nothing about it, I think we're just encouraging matters of this type in these smaller communities.

Therefore, I would definitely support a resolution of this type whereby we would give assistance to these communities, of which I have some in my riding and I'm sure that most members from rural Manitoba in this House also have communities that would come under this particular section.

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

MR. BARKMAN: Mr. Speaker, I beg to move, seconded by the Honourable Member for Rhineland, that the debate be adjourned. This would of course close the debate.

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

MR. SPEAKER: The proposed resolution of the Honourable House Leader of the Liberal Party. The Honourable Member for Winnipeg Centre.

MR. BUD BOYCE (Winnipeg Centre): Mr. Speaker, I adjourned this resolution for the Minister of Youth and Education, to whom I yield.

HON. SAUL A. MILLER (Minister of Youth and Education) (Seven Oaks): At this point I should ask to have the matter stand.

Mr. Speaker, I have very few comments to make on this particular resolution. If memory serves me correctly, it came up last fall and we dealt with it at great length. It's a resolution that has appeared I believe in the last two or perhaps three years, if memory serves me correctly, and there's no question the intent is to try to resolve the problem of how to re-finance education. And it's a vexatious problem. No jurisdiction that I know of has completely resolved the problem to everyone's satisfaction. I am not critical at all to see this kind of resolution on the Order Paper because I think it's the responsibility of every member of this House to focus attention on this problem, to focus attention on the need to give Manitoba a high standard of education, and at the same time to find an equitable way in which that education can be paid for. And it's the equitability of it really which I think is important.

I don't think anyone in this House will argue that education is essential, nor do I think anyone will argue that there is a cost attached to that. I think the problem, if we're going to get down to the nuts and bolts of it, boils down to how to pay for it in the most equitable manner so that those who have the ability contribute more than those who make use of it but who can't afford to pay as much as perhaps some of their neighbours. So there's an attempt here in this particular resolution to suggest that the shift be made from the local taxpayer to the broader, so-called broader shoulders of the Provincial Government, and I wish the shoulders of the Provincial Government were broader than they are. I wish that we had the unlimited resources that could make it possible to resolve the problem and to remove the cost of education from the local property taxpayer.

We must however, keep in mind that in making this move we shouldn't fall into the trap of thinking that everyone today who is paying property taxes is being unduly taxed, because if you come up with another formula for paying for education there may be some people, who although today may be grumbling about their property taxes, might find themselves paying even more if an ability-to-pay principle were established, because some people, despite their high property taxes, in relation to their incomes perhaps are not even paying enough. So it's a question of how do you achieve equitability, equity as between people in paying for education.

(MR. MILLER cont'd.)

Now, Mr. Speaker, the purpose, the ultimate objective of this particular resolution is that over a series of three years I believe it is, 1971, '72 and '73, the province would take over 100 percent of the Foundation Program, and then the further be it resolved, that they review the Foundation Program to bring it up to date to relate to the higher costs of the program itself. And as I say, it is a desirable goal to achieve, keeping in mind that we still want to have local participation certainly, if we can, and keeping in mind that we have to leave flexibility at the local level in order to avoid what could become too rigid a system if it was entirely operated by and financed at the provincial level. The local participation and the local initiative which I think is essential to keep a system alive and moving might be lost if the province usurp all the positions, all the authority of the local government today and took over all the financing of it. So there has to be some measure of balance between the two.

I can tell you, Mr. Speaker, that we on this side of the House, the government is extremely concerned about this problem. That we recognize that in presenting this proposal the Member from Portage la Prairie is pursuing a policy and an approach which we have supported and which in principle we still support as an ultimate objective. But to suggest that there's only one way to achieve the goal is I think being a bit shortsighted. And to suggest that it has to be by this sequence of steps of 80, 90 and 100 based on a Foundation Program and then an enhancement of the Foundation Program may be one way of doing it but I don't think it's the only way of doing it. I think there are many methods used in United States and in other jurisdictions that have different approaches and achieve the same desired results. So with that in mind, we are prepared to consider the advisability of changing the approach, trying to find a solution which will be of benefit both to the educational system and to these people in the community who find it difficult to pay because of the high property taxes, and who are really caught in the squeeze - and I recognize there are many that are caught in the squeeze. People on low income whether they be senior citizens or others; people on fixed income I know from my own knowledge are people who are caught in a financial bind, and it's difficult to sometimes meet the costs with which they're faced. And it is the intention of the government, and I can tell members opposite that we are exploring ways and means to find an answer to this very vexatious problem which has haunted us for many many a year; and I don't think the perfect solution will ever be found. And I don't doubt that no matter what solution we come up with in the future, the Opposition will accept as being adequate.

But I do think that the average person knows that education is an essential which must be paid for, that people are prepared to pay for an educational service because they recognize that it is essential to the growth of Manitoba and of their own enrichment, but that since equity in taxation and equity in payments is the objective we're striving for, that we should try to come up with some method to ease the burden on those who are finding it difficult. And I recognize that there are some in that category. But let's not fool anybody into thinking that by some magic formula we can come up and somehow relieve everyone today from the tax burden. A shift, perhaps, from one method of paying to another, in other words a more equitable shift, but to simply wish it away is out of the question. Members opposite know that the position taken by the Federal Government of this country is that public school education is not their responsibility. I personally feel that this is a tragic position. One that must inevitably hurt Canada, one that must inevitably affect the quality of education on a national basis. -- (Interjection) -- Well I've told that to Quebec and I'll tell it to anyone who'll listen. And I hope to tell it again when and if I get to the next Council of Ministers' meeting. And I feel this very strongly. But until such time as we can resolve that problem, I know that we have to try to find an answer within Manitoba. And we're not trying to run away from that answer or from that problem.

Last, just this last November, November 1st, when the switch in Medicare premiums came into effect, many people gained more than anything we could have come up with in this type of formula. Many home owners, every home owner for that matter, benefitted more than we might have come up from this particular formula if we had shifted the 10 percent for education. So that the benefits last year benefitted property taxpayers as well as renters, and all people in Manitoba. Now that was as of November 1st, 1969, not too many months ago. We would like to move even faster, but we can only move as quickly as the resources we have and we have to move on an even front. This year there's been an emphasis placed in our budget as you are aware, in the Estimates, and through the Department of Health and Social Services

(MR. MILLER cont'd.) which has advanced what I feel is also an educational purpose, certain services which have been neglected in the past and which have indicated the concern of this government in those areas, although not directly under the Department of Education, related to the Department of Education. And it has been done without resorting to a property tax. So that, Mr. Speaker, without dwelling on this too long, and because I spoke on this last fall, I believe other members did as well . . .

MR. WEIR: Last spring too.

MR. MILLER: Yes, that's right. And I'm still in favour of achieving some way of easing the burden on property tax. I said it before and I'll say it again. Whether it's this formula or another formula doesn't really matter. In looking at this particular formula I say this is just one of many a way that it can be done. There's about 10 different methods used throughout North America. We're studying every one of them right now. . . . the honourable member some day I'll show him Tomes Volumes that we're looking at. -- (Interjection) -- Frankly, there'd be no purpose in telling you. I don't think it can be of interest to the member but I think it's a matter on which policy will be decided, so at this stage of the game I don't think that I should divulge the studies that we are undertaking or are in the process of being undertaken at the present time. But the objectives are valid; we all share them. And I don't mind if the Honourable Leader of the Official Opposition tells me that I spoke on this last fall, . . . and I did a year ago. I certainly did. As a matter of fact I probably did before I was elected to this House it goes back that far. And I certainly did in 1967 when I felt that the Foundation Program was not the best way of looking at the problem. And I haven't changed my mind. We haven't been able in the few months we've been in office to come up with an answer. We will I can assure the honourable members opposite find an answer and we will, I am sure, meet with the kind of response from the general public when we find this answer that will be acceptable to them, recognizing the responsibility that the province has, recognizing the responsibilities that the local authority has and keeping the educational system viable and flexible enough to meet the needs of a growing Manitoba and a system that can keep pace with the needs of the province.

So, Mr. Speaker, without further discussion, the government is prepared to accept this Resolution, recognizing that its objectives are good, that they're in common with ours and that we will certainly consider ways and means of achieving the same goals that the Leader of the Liberal Party has in mind and which motivated him, I'm sure, in bringing forward this Resolution. Thank you.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I find myself again in the awkward position where I really didn't wish to participate in this debate. But it never ceases to amaze me how the self-admitted shortsightedness, you know, on the part of those who once sat on this side become so long sighted when they move over to that side.

MR. DOERN: You've made that speech already.

MR. ENNS: I have to repeat it and I'm going to - I'm keeping a calendar here, I'm keeping a calendar somewhere where I take it as my personal responsibility as a responsible member of Her Majesty's Loyal Opposition to check up on my loyal friends opposite because you know, here we have again, you know -- and the Honourable Minister of Youth and Education how eloquently he spoke from these seats here. It was eloquent.

MR. MILLER: Thank you.

MR. ENNS: And the plea was for instant and immediate remedial action to be taken to shift the educational tax burden off of property and on to the provincial sources. In fact, Mr. Speaker, you recall not so long ago I had this little document here that I think I'm going to have a lot of fun with before this session is over. We have another item here on this problem. These were, of course, simply election promises, but they are worth repeating, because it's not every day that you get the election promises of a government that's in power that so explicitly sets out their campaign and election promises and their platform. It says here "the cost of education and welfare should be paid out of government revenue. The New Democrats say services to property should be paid by property taxes but services to people, services to people should be paid from the Provincial Government revenue; that's fair and it's efficient."

MR. CHERNIACK: What do you say? What's your position?

MR. GREEN: Good Policy.

MR. ENNS: Right, but fellows you're in the position to do something about it, you're in

(MR. ENNS cont'd.) a position to do something about it. -- (Interjection) -- That's fine. But the reason for me rising at this point is to underline the fact that this year, this year is the first year in the last half a dozen that I can remember, that that kind of a shift has not taken place, that that kind of a shift has not taken place. Last year it was \$10 million -- (Interjection) -- I can't recall - I was only in the government for three years. No, no, we're speaking statistically, we're speaking with education, we are talking about education.

MR. GREEN: We had a worse one than education to deal with. We had that premium to deal with. That was still worse.

MR. ENNS: The honourable member, the House Leader is getting excited and that always is a good barometer for me, because while I kind of shoot with a shotgun in this House, and I may be off course on many occasions, but when I get reaction out of the House Leader I know that somewhere in the remarks that I have made, that I am probably hitting close to the truth. And the fact of the matter is that while this government has been very successful, eminently successful, in convincing most Manitobans, and even us in the House, that they have indeed consummated a very significant shift, and they did, when they referred to their shift in the Medicare premium. But Mr. Speaker, what they have also attempted to do is to indicate that that kind of shift into the general or broader fields of taxation has never occurred before off of the property tax owners or off the people directly with respect to education. Yes they have attempted to do that, particularly when they mix it up with the higher assessment rates that we now face.

Mr. Speaker last year, or the previous administration in their last government increased the per capita grants to municipalities from \$3 to \$8, worth some \$5 million, which helped allay the rise in assessment, which helped allay the rise in mill rates throughout the width and breadth of this province. At the same time, they pumped an additional \$10 million into the Foundation Program which again helped to allay the rise in special levies, the rise in assessment and in education generally. Mr. Speaker I was in the Cabinet 3, 4 years but I can't remember one year where those amounts of money were not pumped in to the education program. I haven't got the figures before me or else I would quote you exactly the amount, but I know that these amounts have been significant, totalling 10, 15 - well obviously - no it wasn't enough Mr. Leader because the Member from Seven Oaks is it, he used to rise up in that chair and suggest to us and bring in resolutions in the House, that we were niggardly in this approach, that we were far from meeting the needs -- (Interjection) -- and that we should be doing something about it immediately. And now, Mr. Chairman, he suggests that there are other means, in fact he says there are many property tax owners that aren't paying enough tax. Well that might be. The other day on the resolution put forward by the Honourable Member for Assinibola, we tried to get a consideration for a specific group of property owners, namely the aged and those that benefit or that already passed a means test in the sense that they were in the added supplementary bracket, and what kind of an answer did we get from the government opposite? It was a bit of noble patchwork, that perhaps it could be considered at some time, but really this was not approaching the problem in its correct light, and that this government certainly was in no hurry to adopt these kinds of measures.

Mr. Speaker, I just remember one thing, and I refer back to my friend, the House Leader, the Member for Inkster, the Honourable the Minister of Mines and Natural Resources, because you know when he spoke, and he can speak in such a convincing manner, he convinced many of us you know, to the point that we were prepared to listen with a great deal of attention to him and he used to tell us over and over again, when we sat on that side of the House, and when they pointed out, the kind of things that I'm pointing out now, the kind of things that the Honourable Minister of Youth and Education pointed out, about doing something, facing, you know recognizing a situation and the Honourable Minister of Mines and Natural Resources used to, with a very quiet sincere dedication used to lean over that mike and say the only trouble is with you fellows, you know it, we've told you but you won't do it. Do it, do it now he said.

MR. GREEN: We did it. In 8 weeks we did it.

MR. ENNS: You see. So, Mr. Speaker, you have to understand the kind of nonplussed feeling that we have on this side, the non -- you know the amazement that we have on this side that when we are merely parroting back some of the resolutions that used to emanate from this side, we now instead of hearing any urgent response to that suggestion to do it and get on with the job, we now hear the sonorous tones of "we'll consider the advisability of" -- and they're considering the advisability of. Well, Mr. Speaker, all I can suggest, and my only purpose in

(MR. ENNS cont'd.). . . . rising at this point is No. 1, to indicate that they have been doing a tremendous snowball job in hiding the yearly contributions, the yearly shifts that took place under the previous administrations, and the fact that the members who now comprise the government, who now are faced with actually making the decisions about things, find it more advisable to sit back, to strike up more committees, to set up more study groups and to consider the advisability of doing something. And this at a time when we face rising assessment rates, where we face the -- not just the possibility but the probability of people being forced out of their homes by high property taxation, and the government sits in silence and says, "yes, we'll consider the advisability of." Thank you, Mr. Speaker.

MR. MILLER: Would the honourable member permit a question?

MR. ENNS: Certainly.

MR. MILLER: I wonder whether the member remembers a phrase "responsibilities of municipalities should be related to their ability to pay."

MR. ENNS: Certainly I remember that phrase.

A MEMBER: He wrote it.

MR. MILLER: Does the member know that this was the Conservative campaign platform four elections running?

MR. ENNS: I didn't run in four elections but if it was part of that campaign that's fine.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Speaker, I rise to speak on this resolution. My colleague the Honourable Member from Lakeside has used the word "shift" quite often and the Honourable Minister of Mines and Resources says in eight weeks we shifted a tax burden off the people. But on the way down the field you forgot to shift again, got tackled and knocked them right back where they were before. The fact that you have not done anything to take the burden of educational costs off the real taxpayer actually says that you certainly haven't done all you said last fall, you've put it right back in another way. And there is absolutely no doubt about that.

Now the resolution says that the provincial government should gradually increase to 100 percent. Really, I think it should. If the provincial government takes the attitude that the buck stops here. You make the decisions in the office of the government and in the offices of the Minister of Education, you decide how much education money you're going to spend on education, and stop saying that we're going to turn around and we're going to pay so much and then go back to the municipality or the school board and say "what you don't get raise by special levy"; say to the people that are collecting the money "you have nothing to say about it and collect it." Now either the buck stops there in your office, Mr. Minister, or the people in the local government, as the Minister well knows in his experience, are going to have to have something to say about educational costs. The same as you will, Mr. Minister, when you decide how much money you've got, they will say the same thing. It's gotta be one way or the other, and let's not kid ourselves about that.

Now really I feel sorry for the Minister of Education at the present time. He stood up -- and I know the problems, they're there -- he stood up and he said I wish the shoulders of the Province of Manitoba were broader. And yet the Government of Manitoba at the present time well knows to pay the costs of services, education, parks and everything that makes this province a nice place for people to live in, is done by having people come into this province, people, industry, and at the same time you're scaring them away. You're scaring them away continually. In fact the Member from Ste. Rose -- and it was brought up today that you're scaring them away; we're not being competitive with the other local provinces. So at the same time the Minister has to say I really need the money, I want the Province of Manitoba's shoulders to be broader to do everything for the people of Manitoba, and at the same time the government is in my opinion scaring them away so the only people left to tax are the people that are there, so when it comes time to make his budget he has to say this is all we've got, the buck stops in his office or the municipal government says it one way or the other. And I say again you made a tremendous shift but you forgot on the way down the field this session, you didn't make the shift and help the real taxpayer and you've just lost any gain you would have had, and the same policies, the same attitudes are going to knock you back further and that's going to knock the Province of Manitoba back further.

MR. SPEAKER: Are you ready for the question? The Honourable Minister of Mines and Natural Resources.

MR. GREEN: Mr. Speaker, I'm sorry that my honourable friend the Member for Lakeside left because he really came very close to my heart in suggesting that when he was in the

(MR. GREEN cont'd.). . . . government benches that I convinced him of something. I really thought that in many of the submissions that I made that I succeeded in convincing nobody, but the honourable member says that I convinced him. I don't see what I convinced him of doing but nevertheless it was nice to get that kind of a compliment from him and I wanted to thank him for it and I hope that my thanks are conveyed to him.

I find it difficult to really understand the position that is being taken relative to some of the programs that this party has been suggesting and the manner in which we have been dealing with some of the resolutions that have been put forth. I'd like to try to put into perspective what we are dealing with. We are dealing with a resolution that suggests that there be a gradual shift from taxes on real property levies to pay for education to another form of tax so that the real property taxpayer would be relieved. And the Minister of Education gets up and says what is perfectly reasonable for him to say, that we agree with this proposal, that we think that this is a good idea, that we've argued about it in the past and that we now wish to examine this as one of the ways in which this thing can be done. And I think that for any people to suggest that all of the good ideas that were put forth by this party or by any other party should be adopted and implemented in one session of the Legislature is just not fooling anybody unless he's fooling himself and if he is fooling himself it's only because he's easily gullible.

Now let's put what we have done into perspective. Let us assume that we didn't have to have a session in August of this year -- in August of 1969. The government under ordinary circumstances if it had been elected after the close of a session in June would not have had to bring forth a legislative program until early in January of 1970 or February of 1970, rather than in August of 1969. But the fact is, well there were so many things wrong I say to the honourable member that not even this capable government could cure them in the short space of time. And I don't think that you can expect us to. But let us assume that we didn't have to call an August session, and I regard what we have done up until now as really constituting one package. We haven't been in office one year and we've presented one legislative program. Now let us assume that rather than calling an August session that we didn't have to go through those old estimates, that we didn't have to go through the whole program, that we came in January and we said that at this session of the Legislature the first thing that the New Democratic Party is going to do with regard to equitable tax reform is to bring the Medicare premium down by 88 percent and substitute it for an income tax, and that our next substantial move towards equitable taxation would take place at the next session. I suggest to you, Mr. Chairman, that there wouldn't have been one person who would have found the audacity to criticize that type of program, that in one fell swoop the government has moved towards equitable tax reform by taking, not 24 million, the figure has been used at 24, but 88 percent of 30 million is more between 24 and 30 million, somewhere in the neighbourhood of 27 million, that we took 27 million of the worst form of taxation, and as bad as the real property tax is, and I suggest to you that every tax is going to raise some objection, but as bad as the real property tax is, and I say this to the Member for Sturgeon Creek, the premium tax was ten times as bad. And we proved it. Because there is no, there is no way by giving real property tax relief that we could have put the lowest income group in a position where they would have got \$103.00 relief in one year. No other form of tax relief could have done that. So we have taken 103 dollars off the taxpayer with the lowest means and a proportionately smaller amount as they go up into higher income groups and relieved people on the basis of ability-to-pay from what we considered the worst tax that Manitoba had. Now that doesn't mean that there aren't other taxes that we have to deal with. And it's also true what the Member for Sturgeon Creek says that when you relieve taxes provided that you do not reduce expenditure that tax has to go in a different direction. And I challenge the Member for Sturgeon Creek to demonstrate that a relief of real property taxes -- and I agree that one is necessary and the government is trying to put itself in a position of making the most effective type of relief -- but I challenge him to show that any relief of real property tax in the past would have resulted in the same equity or even in an equivalent equity or nearly equivalent equity to what has been done by the New Democratic Party in its first real tax reform program.

I suggest to you, Mr. Speaker, that if we had not had to meet in August -- and by the way I for one am very happy that we had to meet, because those Medicare premiums started around that time and we wanted to be in a position of dealing with them as soon as we possibly could -- that if we had not had to meet in August we would have come to the Legislature with a major tax equity reform measure, and if someone would then criticize us for not implementing

(MR. GREEN cont'd.) every single tax reform measure that we argued about in opposition, it becomes a facetious and not credible criticism. Because when we were in opposition we were pointing to directions and when we were asking the government to act we asked them to act on measures, and because they refused to act on one didn't mean that we shouldn't present another one. And when they refused to act on two it didn't mean that we shouldn't then present a third. But nobody, not the public, not you yourself nor anybody else would say that because these are the things that they propose they expect that when we come back into parliament in the first session all of them will be implemented. And for the former Minister of Mines to suggest that is completely irresponsible. No government can behave that way. But one thing we do commit ourselves to, Mr. Speaker -- and this is what the Minister of Education has said and how we can be criticized for it I don't know -- is that we are making a resolution that was put by the Leader of the Liberal Party; we are going to consider it and that when we come out with our tax program, or our next shift towards equitable taxation, that this is one of the things that will be considered. And the Member for Sturgeon Creek is right, by reducing the tax on real property it is quite likely that there will be a tax in some other area, and then it will be for us to judge when we are making the presentation, and for the members of the House to assess when we are making it, as to whether in fact the shift from one form of taxation to another has been a meaningful shift.

But I can tell you that despite what the honourable members have done up until now, and despite what the Member for Lakeside said and what the Member for Sturgeon Creek said, the fact is that shifts from municipal taxes to date have not had that effect, because no sooner did the shift take place than municipal councils, and this is understandably, I'm not arguing with what the municipal councils did, have seen the necessity of increasing their spending to the point of putting in much needed programs, and I don't argue with that, to make up for the leeway that they have been allowed, so you have had additional municipal taxes and additional provincial taxes; and that is the fact that's what happened, and the First Minister is the first one to know it, because that's what happened when the sales tax was intended to relieve taxes on real property, and that's what happened when the rebate was taken back in another attempt to help real property, and that's why the government in looking at the taxation question has got to look at the whole question. And one of the things that we've indicated that we would be looking at is the areas of municipal government generally, and surely it makes sense that when we are dealing with this question we deal with it as a whole, and I would not even ask for this amount of relief, or this amount of indulgence by honourable members if we did nothing. In other words, I wouldn't come to this House if this was our first Session, and if we hadn't done anything, and say -- I think that this government would not be able to face you or the public -- and say, Well now we promised a lot of tax measures but we're not going to do anything. But that's not what we have done. We've picked the worst one, we've dealt with it effectively, we've dealt with it to the public's satisfaction, we've dealt with it to the extent that even the First Minister, or the former First Minister, got up in the House yesterday, and it was the first indication that I've had that there were any misgivings on his part, and said, Well in retrospect maybe we should have moved a little faster in this area and what we planned to do five years from now, we should have done. So that the barrage that's thrown at us now is really criticism because we have done something good and you can't really feel comfortable about the fact that we have done something which has met with public approval. And we know that is why the criticism is coming and we welcome it for that reason; but we don't feel one bit sensitive about our program for equitable taxation, and I repeat as I'm concluding, that we regard what we have done between August and now as one parcel, that we have come to the public, we have directed ourselves at the worst possible tax, at the area at which we could have given the most and most effective relief, and we have dealt with it effectively. I think that the citizens of Manitoba, and members of the Opposition who are also citizens of Manitoba, but more specifically the members of the Opposition, will have good opportunity to get mad again next year when we do something again which is effective, and which will cause them to try to criticize, to dull the edge, or to attempt to dull the edge of what we have done.

So, Mr. Speaker, I don't think that we are in any way sensitive about the notion that we are "considering the advisability" of a Private Member's Resolution. I repeat, I was astounded in my years in Opposition when we put these resolutions, when I read the English language in them, and when the government just turned them down time after time after time. There is a real difference between what we are doing and what the previous administration did. -- (Interjection) -- Pardon me? I say we are doing something which is different than what you did. We

(MR. GREEN cont'd.) . . . say that we agree in principle with the kind of thing that is being suggested here and we want to see how far we can go, in what way we can achieve those ends. What you people said is that we won't consider anything that is coming from that side of the House, and if that's the difference for which we are to be criticized, I plead guilty; I accept that criticism.

MR. F. JOHNSTON: The fact that you made the tax shift you spoke of last fall, is that not an indication that you believe there are emergency measures that should be taken? And is not the fact that in St. James-Assinibola the mill rate just went up on education alone 2.46 mills, which is about \$50 involved, not an emergency?

MR. GREEN: Mr. Speaker, I don't accept the assumptions that my honourable friend is making in his questions, but nevertheless I suggest to you, I suggest to you that no matter what taxation system would be in effect, there would be people who would be claiming that the taxes are too high, that there has to be immediate relief, and I accept that. I don't criticize the people and I accept the fact that there is hardships, but I say that that is something that not even this Party, which I have a great deal of faith in, can ever change. That is a situation that will continue ad infinitum, and the best and only thing that a government can do is to take the area that hurts the hardest and do something about it. And we did that.

MR. F. JOHNSTON: Mr. Speaker, I'd like to correct something in all fairness to the government. I did not sit down and figure that out accurately when I made the statement of \$50, and I think in all fairness for the press and everything, that that should be corrected. It's not \$50. I can't give the exact correct figure but I will do so though.

MR. MILLER: and a half dollars.

MR. F. JOHNSTON: I agree.

MR. SPEAKER: Those in favour, please say aye.

MR. CRAIK: If no one else wishes to speak, I would like to move adjournment, seconded by the Honourable Member of River Heights.

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

. . . . continued on next page

MR. SPEAKER: The proposed resolution of the Honourable Member for Assiniboia. The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I didn't wish to delay a deliberation on this particular resolution. The last time it came before the Chamber, I wanted time to look at the proposal and familiarize myself with the arguments advanced by the Member for Assiniboia. At this point, Mr. Speaker, I am prepared to accept the resolution as it stands.

MR. SPEAKER: Are you ready for the question?

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

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

MR. SPEAKER: The proposed resolution of the Honourable Member for La Verendrye. The Honourable Member for Elmwood.

MR. DOERN: Mr. Speaker, I ask leave of the House to have this matter stand.

MR. SPEAKER: The proposed resolution of the Honourable Member for La Verendrye. The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker . . .

MR. GREEN: Mr. Speaker . . . unless there is unanimous consent. If there is unanimous consent, can the previous matter stand? That is Item No. 12, whether the rules require the -- (Interjection) -- once more? It only stood once? Okay, sorry.

MR. SPEAKER: The proposed resolution of the Honourable Member for La Verendrye, that is Resolution No. 4. The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker, with the indulgence of the House, may I have the matter stand. -- (Interjection) -- I must correct myself, Mr. Chairman. I adjourned this on behalf of the Attorney-General. I wasn't aware he was ready to go.

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, I take part in deliberation on this resolution as Minister of Consumer and Corporate Affairs, under which portfolio comes the Public Utility Board. This resolution refers to two specific orders of the Public Utilities Board; namely, Order No. 138 of '69 relative to the rate structure and rate base of the Inter-City Gas Utilities Ltd, and Order No. 18 of 1970 which determines for Manitoba Hydro, upon its own application, the price which that corporation could charge for power pursuant to the requirements of the applicable statutes.

Board Order No. 138 of '69, which relates to the rate base and rate structure of Inter-City Gas Utilities Ltd., is presently under appeal and is scheduled to be argued by Council before the Court of Appeal on April 29th. It is clearly not proper for that portion of the resolution subject matter to be debated at this time.

The second order, No. 18 of 1970, was issued on February 13th, 1970, and has not yet been implemented by the Manitoba Hydro-Electric Board. There is some doubt under the present wording of the Manitoba Hydro Act as to whether the Public Utilities Board Order is legally binding upon Manitoba Hydro, but apart from the legal technicalities there would appear to be no doubt whatever about the primary fact recorded by the Public Utilities Board, namely, that Manitoba Hydro's revenues, based on its present rate structure, will not even cover its net interest expense over the years 1970 to 1974.

The evidence is uncontradicted that during the five year period terminating on March 31st, 1974, reviewed by the Public Utilities Board, the present rates fall short of providing even one time interest coverage by at least \$9.5 million. These were the figures projected by the officers of Manitoba Hydro. The projections of the consultants retained by the Board showed an even greater revenue deficiency. This is not the whole picture; it is worse. There is general agreement that Manitoba Hydro should be realizing an interest coverage of approximately 1.25 times its interest cost. Again, this is a conservative appraisal of its needs. -- (Interjection) -- I know, I apologize for that word, Mr. Speaker. That's a very narrow appraisal of its needs.

Acting upon that uncontradictory evidence, the Board determined, and I quote from the Order, "that the price that Manitoba Hydro should charge for power in the various rate classifications should be such as to return to it during its four fiscal years terminating on March 31, 1974, an increase of \$45 million over the presently anticipated revenues for that period of \$309,100,000, with the objective of achieving a net interest coverage of approximately 1.25 times." The Board estimated that this increase would be one of approximately 14 1/2 percent

(MR. MACKLING cont'd) in the rate structuring. "The rate increase," the Board recommends, "should be effected as soon as reasonably practicable, so that it will begin generating additional revenue as early as possible in the Corporation's fiscal year 1970-71."

I would like to quote from a further extract from the Order to emphasize the underlying problem which has to be solved if future consumers of electricity are not to be harshly penalized, and I quote: "It is characteristic of publicly-owned electrical utilities that they have very large bonded debt with large concomitant interest costs which must be covered from their rates. For example, the net interest cost for Manitoba Hydro in 1969 was over \$20 million. Relying heavily, as they do, on the investment market for the bulk of their funds for new construction, it is logical that these utilities would wish to ensure that the interest costs are adequately covered. There is no doubt that governmental guarantees behind Hydro bond issues are important in terms of their general acceptability. However, it is sensible to expect governmentally-owned public utilities to be self-sustaining and by their operation to enhance the credit of the province rather than the reverse. Provincial governments commonly have all the dead weight debt they can tolerate without the additional burden of public utilities which are in danger of consuming their own capital in operational costs. Yet, the forecasts of both Manitoba Hydro and the private consultants hired by the Board point to such a situation in the near future unless present trends are reversed.

"An important feature of these forecasts is the great significance of changes in interest rates. Exhibit 11 in the Hearing, for example, indicates that an increase of one percent in interest costs would create, over a ten year period, an additional revenue requirement of about \$36 million. At the same time, the most recent projection of future operations of the utility indicate that under present rates for electricity as the years go on, the net revenue available to cover these interest costs will become less and less capable of doing so. Put in more technical terms, the interest coverage of Manitoba Hydro will be less than one time. As has been noted above, this can only result in the utility consuming its capital; that is, in borrowing further in order to pay interest charges on past borrowing.

"It is the view of the Board that Manitoba Hydro must aim, for the sake of its future financing, at an interest coverage which will be sufficient to elicit investor confidence in the bond market."

I believe this is the sort of information honourable members should bear in mind when they are considering the reference to electricity rates in this resolution. If the financial position of Manitoba Hydro is allowed to slip, we must be aware that such a deterioration could be directly reflected in future debt financing. To gauge the impact of that trend, may I refer to another portion of the evidence outlined in the Board Order in question in which it was pointed out that a one percent rise in interest rates would cost Manitoba Hydro an additional \$7 million in the five year period terminating in 1974. The hard facts of the revenue shortage and the implications of having to pay higher interest rates point up the dangers of false economy inherent in this portion of the resolution.

There is a principle underlining this resolution which should be examined as well, Mr. Speaker. It implies much more strongly to utilities than Manitoba Hydro, I should say, because in Manitoba Hydro we have not a privately-owned utility with a management responsible to its shareholders but a very large and rapidly expanding governmental agency supervised by a separate Board appointed by the Lieutenant-Governor-in-Council, a government agency whose operations extend to virtually every corner of the province and affects the great majority of its inhabitants. Regulation of this Crown agency by another Crown agency involves principles other than the one I wish to stress at this point.

I would, therefore, use the privately-owned gas distribution companies in the province to illustrate what I respectfully suggest is a basic flaw in this whole resolution, namely, its misconception of the government's proper role in these matters. Utilities of this type are subject to the jurisdiction of the Public Utilities Board. Pardon me, subject to the regulations of the Public Utilities Board of their operations, the Public Utilities Board having been ordained in substitution for the pressures of the free market competition because of the monopoly element involved. I am sure that most members are aware that this regulation is most extensive in detail. A typical rate case before the Utility Board, Utilities Board, involves many hundreds of hours of review by the Board and its consultants. Its decisions are not made lightly and they are arrived at with the assistance of the best technical advisors available.

The Legislature has seen fit to move this regulatory process from the political arena.

(MR. MACKLING cont'd) Long ago the Board was established by statute as an independent tribunal in these matters. Its decisions are subject to review only by the Court of Appeal. I am satisfied that no one here questions the principle of the Board's independence, an independence that has thus far been scrupulously preserved by all administrations. Infringement upon that principle by over-riding the Board's decision as resolutions of this type would require you to, and you may as well dispense with the Board. Further, you may as well forget about the precepts which the Board is required by statute to apply, such as the avoidance of unduly discriminatory rates and the principle of a reasonable rate of return. I say you might as well forget about these precepts and watch the inevitable development of a tendency for the various utility rates to reflect the political and economical leverage available to the various consultants.

MR. G. JOHNSTON: Would the Honourable Minister permit a question?

MR. MACKLING: Yes.

MR. G. JOHNSTON: You're developing the argument that the Public Utilities Board should be free from political interference. What about the Minimum Wage Board? Why is it not allowed to operate without political interference?

MR. MACKLING: The Minimum Wage Board is a rate structuring agency that is set up by the government, that is true, and representations are made to it, but it is open to the government in that case to accept or not the recommendations that are made by the Board. Similarly, the Hydro utility is free to accept the recommendations of the Utility Board to raise rates. The Utilities Board has recently advised the Hydro that its rates ought to be increased by 14 1/2 percent. Hydro has not as yet raised the rates. It is free to consider this advice and decide whether or not it should follow it. -- (Interjection) -- Well, I can hear from you later, the Member for River Heights. -- (Interjection) -- Yes, he's back.

The government's duty in this field is to ensure, by a proper process of appointment and reappointment, the continuance of a well-qualified Board, to give it the assistance of competent staff and consultants, and to allow it to exercise its best judgment in complete independence upon the issues which we have given it the responsibility for determining. The government has no legal right to vary or rescind the orders of the Public Utilities Board. I suggest it would be ultimately trampling upon the very rights which this resolution seeks to protect were we to attempt to interfere in any way with the proper exercise of the Board's powers.

Mr. Speaker, I believe that the mover of this resolution moved the resolution in a spirit of concern with the ever-spiralling increase in rates, in costs of commodities throughout the country. It's regrettable that the focus has to be made on utility rates, particularly in respect as I've pointed out to the Hydro utility rates, because I don't think a proper argument can be made against that rate structuring. As most of you will recall, Hydro rates had not been changed in this province for many, many years, and the particular concern of the Hydro and its increase in rates was certainly underlined and approved by the hearing of the Board and by the private consultants that were engaged by the Board.

But what this resolution does is give us an opportunity to reflect upon the serious forces of inflation within the country. I know that other members, perhaps I'm aware of at least one other member in our caucus that will wish to address remarks in respect to the whole question of the inflationary pressures that exist in our society and the menace that they create, but I would like to indicate to the House my feeling that the major cause for the inflationary spiral is not at work in this province in the rate structuring of commodities and the utility programs in this province.

The commencement of serious inflationary pressures started in Canada with the release by the Government of Canada of the chartered banking system from a fixed ceiling on interest on loans made by the banking system. From that day forward the interest rates have spiralled at a quickening pace until we have a very, very serious situation where the cost of money has forced up the cost of commodities, the costs of production, the costs of housing, so that we are faced with a drastic situation and the Prime Minister of this country now is endeavouring, in a patchwork fashion, to attack this problem.

I submit that the real answer to this problem lies not in suggesting to industry that they hold the line on price increases, that they try to restrain their avarice for profit, that they suggest to the wage earner that he should not look to his industry for additional wage increases to contend with the increasing cost of living. These are false steps by a government that has allowed the inflationary spiral to get out of hand. It was a deliberate, in my opinion, calculated

(MR. MACKLING cont'd) move that the Federal Government followed in releasing interest rates. They could fully expect the pressures that would exist and those pressures have forced a tremendous increase in the cost of money and the cost of living.

If the Federal Government really means anything, really means to do anything in the field of attacking the inflationary spiral, then they have to attack the very high cost of money, and the argument that I have enunciated to you in respect to the extremely high costs of operations of Hydro and the development of Hydro in this province are based again on the extremely high costs of borrowing money.

And this government is not alone in respect to the tremendous pressures, the tremendous costs that are forced upon us because of the quickened interest rates and the high cost of borrowing money. All of governmental programming, both provincial and municipal, has been brought under the extreme pressure of the high cost of borrowing. I suggest, Mr. Speaker, that this House should reflect in its deliberations our serious concern with Federal Government programming in respect to the serious inflationary pressures. We should indicate to the Federal Government its need to roll back the cost of money in Canada by again reverting to controls on the rates that the chartered banking system can charge for loans.

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

MR. BARKMAN: Mr. Speaker, I wonder if the Honourable Minister would permit a question or two. I appreciate the fact that he entered this debate, but he mentioned that because of the fact that consideration by the Public Utilities Board was under consideration at this time, does he feel that this resolution is really out of order because of that?

MR. MACKLING: No, the resolution isn't out of order; the only aspect of it which could be maybe considered sub judice is any detailed discussion about the gas rates based as it affects those particular companies.

MR. BARKMAN: One other question, Mr. Speaker. Is the Honourable Minister aware that there have been other increases in Hydro rates over the last year or 14 months other than those that he was talking about?

MR. MACKLING: I am aware of the fact that there are rate changes regionally, but this general increase in rates is what I was referring to.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): Mr. Speaker, if nobody else wishes to speak on this matter . . .

MR. SPIVAK: Mr. Speaker, I have a question of the Honourable Minister. I wonder, would you not agree that in connection with the establishment of a rate based on the revenue that's required, it's not only interest rate but capital costs that becomes a factor in the determination.

MR. SPEAKER: Is the honourable member . . .

MR. SPIVAK: Yes, it's by way of a question. I'm just asking if he agrees that . . .

MR. MACKLING: Mr. Speaker, I agreed to answer a question but I will not answer a question that is loaded, where the questioner places his own answer in the question and merely asks me to agree. If he wants a question on fact I'll answer one, but not on conjecture.

MR. SPIVAK: Well, is there not an element in the consideration of the raise in the rates which would indicate the increased escalation of capital costs as opposed to just the increase of interest rate?

MR. MACKLING: That's right. Capital costs, escalating capital costs are a factor and capital costs themselves are escalated by the increased interest charges.

MR. SPIVAK: Therefore, in the event that changes occur which would increase capital costs of power plants -- (Interjection) -- Yes, it's by way of a question -- would you not agree that the likelihood is that rates will go up?

MR. SPEAKER: I regret to say the honourable member is putting the same type of question as he had a moment ago, and I have serious reservations about the propriety of asking that type of question. A question calling for an explanation of comments made by the previous debates are quite in order but . . .

MR. SPIVAK: Mr. Speaker, just on a point of order, I listened with great interest to the commentary by the Honourable Minister and it would appear that it was only an indication of costs being sort of tied to increased interest costs as a factor, and I'm suggesting -- I'm not debating, I'm not debating at him, I'm just simply asking the question.

MR. MACKLING: Mr. Speaker, I can assume that the Honourable Member for River Heights has now participated in the debate and has spoken.

MR. SPIVAK: Well, Mr. Speaker, let's have a ruling on that because if I'm supposed to be participating in the debate I will.

A MEMBER: Go ahead.

MR. SPIVAK: No, I don't consider that I'm participating. I asked a question and I asked by way of point of order to the Speaker that my question was a valid question. The Minister doesn't have to answer it, it's up to him to make that decision.

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

MR. SHERMAN: Mr. Speaker, I would like to direct one question, if I might, to the Attorney-General and ask him if I can put the thing the other way. Does he believe seriously that if there had not been a freeing of the bank rate which occurred, took place in . . .

MR. SPEAKER: Is the member asking for an explanation of a comment made by the previous debater or is he asking him for a further expression of opinion.

MR. SHERMAN: Well, I am asking him, Mr. Speaker, for an elaboration on what was one of the main contentions of his speech.

MR. SPEAKER: May I remind the honourable member that I do not believe that questions at this point allow a member to ask of a previous debater for an elaboration; an explanation yes, of a point which an honourable member may have misunderstood.

MR. SHERMAN: Well then, Mr. Speaker, perhaps I should describe my request as a search for an explanation.

MR. SPEAKER: If the honourable member can present a question acceptable to the House, he's at liberty to do so.

MR. SHERMAN: Would the Attorney-General - does the Attorney-General believe, or would the Attorney-General feel persuaded that if the bank rate were not freed in 1967 that this country would not now be facing serious inflation?

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: I move, seconded by the Member from Winnipeg Center, that the debate be adjourned.

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

MR. SPEAKER: The proposed motion of the Honourable Member for La Verendrye. The Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, when I adjourned this debate there hadn't been too much said about agriculture, but since then there has been so much said that I hate to speak on it at all. I might say that I feel even though my remarks should be directed towards the Minister of Agriculture, I am rather glad that he is not in. -- (Interjection) -- All the bad things happen eh?

However, the point that I am concerned about is that all the other committees have met - maybe they haven't done the job they should but they at least did meet and they did try - but the agricultural committee has not had one single meeting since this government has been formed. Maybe there's good reason for it, but I fail to see it. And I believe that agriculture . . .

MR. CHERNIACK: Would the honourable member permit a question?

MR. HENDERSON: Oh yes, I'll try one from you Saul.

MR. CHERNIACK: I wonder if the honourable member attended any meetings, and if so, how many, of the Committee on Agriculture during the time he was in the House when the former government was in power.

MR. HENDERSON: Well I'm surprised at that question coming from you, because you know I'm new in this House and you are taking advantage of a situation. Now probably the Agriculture Committee did meet and probably this is what you are saying.

MR. CHERNIACK: Right.

MR. HENDERSON: But things do change and I do believe that the farm people are in a worse position this year than they have been other years. Other years we had a higher quota - it went up to about 8 bushels - and the crops were somewhat smaller and the people by the end of the crop year between the feed mills and other ways of selling malting grain and that, they were fairly well cleaned out, but this last year the crops have been larger and the quotas have been smaller and expenses have been going up so the position of the farmer is definitely worse. And I don't think there are any of you people on that side that wouldn't agree with me on this.

(MR. HENDERSON cont'd)

We are only between 15 and 20 percent of the population, we've got to realize that, but I suggest to you that there is a large percentage of the population depending on us, because the people that are working in the city and in the towns are directly related to agriculture. The machine shops and garages and packinghouses and all their food stores are related to agriculture, and when agriculture and the people in it aren't making money it isn't good for those people either.

I am one of those that believe that what's good for the farmer is good for industry and for the country. Far be it from me to say that what's good for the industry is good for the farmer. -- (Interjection) -- That's the old saying, what's good for General Motors is good for everybody, but . . . (slight recording failure) . . .

I know that the Minister has been trying hard and he has come up with many different ideas that are worthwhile. However, I have a few ideas myself and I think if we had met as an agricultural committee that we could have discussed these things. And one of them is: I wonder if agriculture is really getting its fair share of the provincial budget? We get just slightly over \$10 million out of a budget of over \$448 million. I don't think this is right.

MR. GREEN: What about the medicare?

MR. HENDERSON: Another thing that bothers me, I am wondering why the grain handling organizations always collect the storage and the farm people don't. I am of the opinion that elevator companies should collect handling charges but not storage. Should we not advocate a system of paying storage to farmers and let elevators operate on a handling basis? Must we accept the idea of selling grain on an open market in Canada and having to buy our produce on a protected market? Now there has been much said about that and I hope the Minister doesn't repeat his speech on that again, but this is one of the things I would like discussed in the committee - how we feel about this. I wish we'd discussed some of our Minister's ideas before he took them to Ottawa. We probably wouldn't have had all this fuss in the House if we had, because we probably would have come up with something that would have been better to present on behalf of all Manitoba.

I also am wondering if we, as people in Manitoba, are putting the pressure that we should on Ottawa. I've said this time and time again, that it's the policies of the Federal Government that dictate the policies under which the Canadian Wheat Board operate and, as such, why it puts the farmer in a very awkward position. I think the Wheat Board or the people selling grain should more or less be responsible to the people that are growing it, not the government, not the government to the extent, shall we say, that because it's dominated and has the majority in it of people in the East that they do just the things that they want.

Is the idea that was promoted of taking land out of production the right one to be presenting at this time? You know, I think that if these topics were discussed in the committee it would really have been much more effective in discussing them than discussing them in the House here, because I think we all must probably admit that this seems like a political arena at times.

When I go back to my constituency and I meet the farm people, they ask me what's happening in agriculture and what is the committee doing, because this was one of the committees that I wanted to be on and was proud to be on, and I have to report to them that we haven't had one single meeting. This should be good for me politically, because I can say: Well, that's the NDP, they won't call a meeting. However, I really don't just feel quite this way about it because I feel I have a duty to do something that's good for the people in my area, and even if this committee had got together and had at least tried, I'd feel that it would have been worthwhile. This is why I am in favour of a meeting of this committee as soon as it is re-constituted. I wonder how many of the people over on the other side feel the same as I do. Surely they do not believe in such a large committee and one man representing the thinking of us all. Surely this couldn't be considered as participatory government.

MR. USKIW: I wonder if the honourable member would permit a question, Mr. Speaker. Does the honourable member imply that if we had a committee that he might make a contribution to the committee that he is not prepared to make in this House during the estimates?

MR. HENDERSON: Yes, we could have met between couldn't we? We didn't have one meeting in between the last session and this. We did make our contribution in the last House, but what's the purpose of the committee, just what is the purpose of this committee if we never meet? What is the purpose of this committee if we never meet? Will you tell me that?

MR. USKIW: I wonder, Mr. Speaker, if I can ask a supplementary question, and that is, does my honourable friend opposite not know that this committee is really charged with the responsibility of holding public hearings when bills are processed through the Legislature? Instead of turning them over to Law Amendments, it's the Agricultural Committee that should be dealing with agricultural bills, and it is not a committee that is set up to deal with the whole broad aspect.

MR. SPEAKER: Order please. May I remind the Honourable Minister is he not in the process of asking a question, putting forth . . .

MR. USKIW: I just wondered if he was aware of what the committee's purpose was.

MR. SPEAKER: . . . which properly should be raised in debate, and if the Honourable Minister wishes to participate . . .

MR. HENDERSON: This is so in committee, but could we not deal with other broader aspects of the thing if we met? I think it's foolishness to have this committee when you treat it like you have been treating it. And I don't want to go any further because we will get Sam going and we'll waste the rest of the afternoon, and I'm one of these fellows that gets fed up with him wasting time.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Could I ask the honourable last speaker a question?

MR. HENDERSON: Yes.

MR. ENNS: I wonder would the Honourable Member from Pembina not agree that the record that the Minister of Agriculture has of consuming about 80 percent of the time that we've been on agriculture estimates, does he consider that he'd have a fair chance of getting into the agricultural estimates up to now.

MR. HENDERSON: I don't think I should answer that because that would just get Sam going.

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

MR. BOYCE: I would move, seconded by the Member for Logan, that debate be adjourned.

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

MR. GREEN: Mr. Speaker, I wonder if I could ask the indulgence of honourable members. I believe that last year we dealt with private members' bills first because some of them will have to get into committee. I wonder if by unanimous consent we can go to bills, some of them are apparently of an urgent nature, so that members can introduce them and then come back to the . . .

MR. SPEAKER: I have another -- if I may interrupt the Honourable House Leader, I wish to apologize to the House for my oversight in dealing with Resolution No. 12, the resolution of the Honourable Member from La Verendrye. Perhaps the digit (1) did not register with me following the name of the Honourable Member for Elmwood. The Honourable Member for Elmwood asked that this matter stand, and I do believe, according to the interpretation of Rule 66, that he thereby loses his right to speak: "Where, after the introduction of a resolution, the adjourned debate of the resolution is reached on the Order Paper for the second time" - and we have reached it for the second time at this point. If the member moves the debate . . .

MR. GREEN: Well, Mr. Speaker, I wonder then whether the Honourable Member for Elmwood not being here, that it would be acceptable if somebody else moved the adjournment of the debate. I take it that if he doesn't speak . . .

MR. SPEAKER: Are you ready for the question? Have I leave to return to Resolution No. 12 to clear up the error which I have made on my part?

Are you ready for the question? The Honourable Member for Winnipeg Centre.

MR. BOYCE: I would move, Mr. Speaker, that the motion be adjourned, seconded by the Member for Flin Flon.

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

MR. SPEAKER: I wish to thank the members of the House for their cooperation. The Honourable House Leader.

MR. GREEN: Mr. Speaker, if too I have the concurrence of the House, that we now move to Bill No. 4 and then proceed with second readings of private bills, etc., down to the bottom of the Order Paper and then come back to the resolutions.

MR. WEIR: It will be satisfactory with us.

MR. G. JOHNSTON: Agreed.

PRIVATE AND PUBLIC BILLS

MR. SPEAKER: The proposed motion of the Honourable Member for Elmwood, Bill No. 4. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I haven't got my notes with me and I would ask the indulgence of the House to have the matter stand. If someone else wishes to speak at this time, I have no objection.

MR. CRAIK: Perhaps I could just, if I have leave, mention the fact here that on the other bill regarding the Optometry Act, we decided to forward it to the committee and, if necessary, to extract parts in the committee if it was necessary, and if something different was going to be done with the bill it would be done at third reading. I think the reason the Member for Rhineland adjourned this debate was there seemed to be at that time some confusion over just how the bill could be processed, and perhaps with that reminder he might be willing to allow it to go on.

MR. FROESE: Yes, I think now that the Honourable Member for Riel mentions this, this was one of the reasons I did adjourn it at that time. I am quite happy to let it pass so that I can make my contribution in committee.

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

MR. SPEAKER: Bill No. 19. The Honourable Member for Virden.

MR. MORRIS MCGREGOR (Virden) presented bill No. 19, an Act for the Relief of Everett Williams, for second reading.

MR. SPEAKER presented the motion.

MR. MCGREGOR: Mr. Speaker, this is a matter in the hands of different lawyers, and someone was pulling back somewhere along the line until the time has expired. And there was a third party involved, because of the lawyers action, and this relief is to involve all the parties that were involved in this particular incident and I would like to see it before the committee when both sides will have a chance to defend themselves.

MR. CHERNIACK: Mr. Speaker, I wonder if I could ask the mover a question? Did this occasion occur prior to the enactment of the more recent, or is it the more recent amendments to the Limitation of Actions Act where there were provisions made involving an extension of powers and limitations. Did this action come under the new Act as amended or under the previous one.

MR. MCGREGOR: Mr. Speaker, this is roughly three years old so probably it would be under the old Act, Statute of Limitations Act.

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

MR. FOX: I beg to move, seconded by the Honourable Member for Crescentwood, debate be adjourned.

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

MR. SPEAKER: The adjourned debate on second reading, Bill No. 6. The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker, may I have this matter stand? (Agreed.)

MR. SPEAKER: Is it the intention of the House to revert to resolutions or continue?

MR. GREEN: On the public bills presented by private members, Bill No. 11.

MR. SPEAKER: Bill No. 11. The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan) presented Bill No. 11, an Act to amend An Act to incorporate the Sinking Fund Trustees of The Winnipeg School Division Number One, for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, this amendment to the Sinking Fund Trustees -- of the Act of Winnipeg School Division No. 1 is quite simple. The first section that we are dealing with, Section No. 10, is an amendment that would authorize trustees, or allow trustees to authorize such persons as they may by resolutions from time to time, by resolution authorize to sign cheques on their behalf. Sometimes it's very difficult, as you must realize that members of the school board are not always full time. This applies to the chairman of the board and also to the vice-chairman, and it is not always possible for these people to be in attendance, so the board by resolution, and passed unanimously by the board at that time, decided that they would apply for the change in the Act.

The second amendment which deals with the Sinking Fund Trustees is authority to allow the Sinking Fund Trustees of the Winnipeg Public School Division No. 1, particularly in

(MR. JENKINS cont'd) application to the pension fund for employees other than teachers, to allow them to broaden their scope of investment under the group investment portion in Manitoba. This is very much similar to the power that the City of Winnipeg has at the present time and the Winnipeg School Board is desirous of this amendment to be made. I am sure that when the bill goes to Law Amendments that the members of the Board and the solicitor of the Board will be there to explain their position.

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

MR. CRAIK: Mr. Speaker, I wanted to adjourn this, but perhaps before I did, I would like to direct a question to the honourable member. Is it okay? I think I realize the intent of his explanation. I was just wondering, one of the basic questions is whether or not if this is going to be extended to Winnipeg School Division, whether it shouldn't be changed in the Public Schools Act so it would apply to all School Divisions?

MR. JENKINS: What is the question, Mr. Speaker, of the Honourable Member? Are you asking for my opinion?

MR. CRAIK: Yes, the basic question is for a change such as this, should it not apply to all School Divisions through a change in the Public Schools Act rather than through a public bill that changes it only for School Division No. 1.

MR. JENKINS: Well, Mr. Speaker, while this may be true, I couldn't presume to speak for other school divisions in the Province of Manitoba. This is a request that was made to me as a private member for a resolution on their behalf.

MR. CRAIK: If no one else wishes to speak, Mr. Speaker, I move, seconded by the Honourable Member for Lakeside, that debate be adjourned.

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

MR. SPEAKER: Bill No. 12. The Honourable Member for Logan.

MR. JENKINS presented Bill No. 12, an Act to amend The St. James-Assiniboia Charter, for second reading.

MR. SPEAKER presented the motion.

MR. JENKINS: Mr. Speaker, the change that is being requested here - and I have been asked by the St. James-Assiniboia City Council and their solicitor if I would present this bill, Private Member's Bill on their behalf - all it does is change subsection (5) of section 19 of the St. James-Assiniboia Charter by striking out the maximum of \$7,200 in the 5th line and substituting therefor \$10,000. In other words, it is an increase to allow the St. James-Assiniboia City Council to be able to, by resolution and motion of their board, of their municipal board, to increase the indemnity of the mayor from \$7,200 to \$10,000, which would bring it very much in line with cities of a similar size in Manitoba.

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

MR. SPEAKER: Bill No. 13. The Honourable Member for Elmwood.

MR. DOERN: Mr. Speaker, in view of some proposed amendments that are coming forth, I would ask leave that this matter stand. (Agreed.)

MR. SPEAKER: Bill No. 5. The Honourable Member for Winnipeg Centre.

MR. BOYCE presented Bill No. 5, an Act to amend The Winnipeg City Charter, 1956, and to validate By-law 19680 of The City of Winnipeg, for second reading.

MR. SPEAKER presented the motion.

MR. BOYCE: First of all, Mr. Speaker, one of the proposed amendments is to bring a section up to date which restricts or limits the amount that the council can pay with reference to the indemnities paid to members. The second one is to bring the city charter in line with the concept of cooperative housing and the new condominium units as far as the definition of voters. One other concept is to bring the charter in line with people incapacitated, a procedure by which they can fulfill their responsibility and exercise their franchise - that means voting. Another section of this bill would amend the city charter to charge a portion of ornamental lighting in certain areas of the city, across the city at large rather than in a restricted area which is the present practise. The Bill as presented to members is printed, and shows the type of procedure -- am I taking too long? And then by-law 19680 is the updating of the city civic pension by-law.

Now I realize that this is just a sketch of what's proposed, but I would ask members to consider that we will be asking that this bill be referred to the Municipal Affairs Committee, and with the revisions of the Municipal Affairs Act, I would ask that members pass this Bill as presented, and in Municipal Affairs we attempt to bring the city charter and Municipal

(MR. BOYCE cont'd) Affairs Act into line at that time.

MR. SPEAKER: Are you ready for the question?

MR. FOX: Mr. Speaker, I beg to . . .

MR. SPEAKER: The Honourable Member for Charleswood.

MR. ARTHUR MOUG (Charleswood): Mr. Speaker, if nobody else wishes to speak on it, I beg to move, seconded by the Honourable Member for Gladstone, that the debate be adjourned.

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

MR. SPEAKER: Bill No. 22. The Honourable Member for St. Vital.

MR. CRAIK: Mr. Speaker, in the honourable member's absence, could I ask that this matter stand? (Agreed.)

MR. SPEAKER: Bill No. 24. The Honourable Member for Fort Garry.

MR. SHERMAN presented Bill No. 24, an Act to amend The Highway Traffic Act, for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, Bill No. 24 is designed to implement and legalize the right turn on red lights in traffic except in those specific instances laid out in the legislation itself. It's self-explanatory with respect to the areas where it would be deemed unwise to permit such traffic movement. The whole question of right turns on red lights has of course been a subject of continuing controversy, particularly in the Metropolitan Winnipeg area, for some years. The pros and cons of it, Mr. Speaker, could be debated endlessly, no doubt, but the evidence seems to be in those communities at least where it has been implemented, the measure permits an improvement in traffic flow that helps remove some of the difficulties that arise in today's traffic-clogged conditions, and in fact contributes to public safety.

The legislation is aimed at nothing more or less than this, Sir. It's aimed at expediting traffic flow, orderly traffic flow, with at the same time proper consideration for the personal safety of citizens involved, for the safety both of persons and vehicles moving in traffic. It would seem, Mr. Speaker, to be a contemporary type of proposed legislation. It would seem to me, Sir, at any rate, to be in concert with the transportation situation as it exists in our cities in North America today, the transportation problems that we face as a result of the tremendous increase in the number of vehicles and the vehicular traffic using our arteries in this community and in North American communities in general. As I've said, it has been tried with great success and with a salutary effect on safety records in other communities in North America, and it is for that reason that I commend it to this House.

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

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

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

MR. SPEAKER: Bill No. 26. The Honourable Member for Brandon West.

MR. MCGILL presented Bill No. 26, an Act to validate certain by-laws of the City of Brandon and the Rural Municipality of Cornwallis and to enlarge the boundaries of the City of Brandon, for second reading.

MR. SPEAKER presented the motion.

MR. MCGILL: Mr. Speaker, the purpose of this Bill is to bring into the boundaries of the City of Brandon an area of land on the west and southwest sides approximately six quarter-sections in extent, and will take in to the city four quarter-sections on which there is already a considerable amount of residential development that has spilled out over the boundaries of the city. On the other two quarter-sections the Bill will enable the development of a prepared residential and service area for citizens of the city. As many of the members of this Assembly may remember, there has been a continuing debate over the past eight years approximately between the Municipality of Cornwallis and the City of Brandon in respect to changes of the city boundaries, and as a result of this debate there has been agreement at this time on these particular areas. The city now proposes to bring this land into its boundaries by the process of passing a by-law in the city council and by having the Municipality of Cornwallis also pass a by-law approving this change, and now submitting to the Legislature for approval. I had it explained to me that the city approves this change and that the rural municipality approves the change, and the reeve of the municipality has assured me personally that he is in favour of this boundary adjustment.

(MR. MCGILL cont'd)

The by-law will be retroactive when it is approved and receives Royal Assent to January 1st of this year and will enable an orderly development of the area which has not yet been built up as a residential area of suburban Brandon.

I feel that since this Bill has received the support of both the municipality which is giving up land to the City of Brandon, and the City of Brandon which is enlarging its boundaries, that it should be favourably received by this Assembly, I hope that you will support the passage of the Bill.

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

MR. FOX: Mr. Speaker, I beg to move, seconded by the Member for Elmwood, that the debate be adjourned.

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

MR. GREEN: Mr. Speaker, I propose that we now revert to the Resolutions on the Order Paper.

. Continued on next page

PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: Resolution No. 10, the Honourable Member for Portage. The Honourable House Leader of the Liberal Party.

MR. G. JOHNSTON: Mr. Speaker, I beg to move, seconded by the Honourable Member for Assiniboia . . .

MR. GREEN: Mr. Speaker, . . . my honourable friend isn't properly interrupted, that he once attempted to introduce this Resolution and I objected on the basis that it was out of order in that it was anticipating matters referred to in the Speech from the Throne. It was decided at that time, and I believe that I was misled by the previous practice where we permitted them to remain on the Order Paper several years back. I believe that the situation now is that it has to drop from the Order Paper, but that won't prevent my honourable friend from bringing it again in the event that the anticipated legislation is not to his satisfaction, but he will certainly have an opportunity of debating it.

MR. G. JOHNSTON: Mr. Speaker, perhaps to help you decide in this matter, I would suggest that instead of it being dropped automatically from the Order Paper that you would take it under advisement and examine the Throne Speech and see as to whether or not there is enough reference in the Throne Speech to support the House Leader's contention. I would be willing to take that course of action rather than have it dropped from the Order Paper.

MR. SPEAKER: The Chair can only take a matter under advisement in the form of a motion before the House.

MR. GREEN: Mr. Speaker, possibly I faulted in this connection, but it was put and you did read it, and at that time I made an objection, some weeks back, but I thought it could stay on the Order Paper. But the objection, the motion was put by yourself several weeks ago the first time it was read. I made the objection at that time and then I said that it should stay on the Order Paper. I think that what the House Leader is now saying is that if it is to fall from the Order Paper, he would prefer that it would fall on the basis of your ruling rather than on withdrawal on his part.

MR. SPEAKER: Then if the Votes and Proceedings indicate that, then it is my fault and I . . .

MR. GREEN: It was put.

MR. SPEAKER: May I just consult with the Clerk briefly? According to the records of the House, there may have been an attempt made to present this motion but the records don't indicate it as such. They simply show it as having been stood twice.

MR. GREEN: Mr. Speaker, I am quite sure that my memory is correct, but perhaps we can solve the problem by the honourable member putting the resolution and then your taking it under advisement.

MR. G. JOHNSTON: Just to assist the Speaker, it is my recollection that I did not introduce the Resolution, so it is on the Order Paper on an unofficial basis.

MR. SPEAKER: The Honourable House Leader of the Liberal Party.

MR. G. JOHNSTON: I beg to move, seconded by the Member for Assiniboia,

WHEREAS the Provincial Government recently decided to withdraw financial assistance which allowed children of families receiving welfare to attend universities and technical schools,

AND WHEREAS this decision will effectively halt any means to obtain higher education for these children,

AND WHEREAS education is the key to breaking the generation-to-generation welfare cycle,

AND WHEREAS it has long been held by all that no child should be denied an education because of the financial inability of the parents,

THEREFORE BE IT RESOLVED that the Government of Manitoba consider the advisability of reinstating and expanding financial assistance to those families requiring this type of assistance.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I wish to raise an objection to this resolution on the basis of the fact that it anticipates matters and legislation referred to in the Speech from the Throne. I refer to Page 7 of No. 1 Votes and Proceedings which is the Speech from the Throne and which contains the following reference: "Larger appropriations will be sought for education

(MR. GREEN cont'd.) generally, including specific provisions for student financial aid, technical training assistance, and for those who require special effort to overcome basic literacy skills and orientation handicaps. Steps will be taken to provide students 18 years or over with an equitable assistance program for their vocational and/or post-secondary education."

MR. G. JOHNSTON: On the point of order, Mr. Speaker, I believe the reference was made to the age limit of eighteen, eighteen and over, but the resolution that I have introduced to the House isn't necessarily only concerned with eighteen and over, it is concerned with secondary and post-secondary education.

MR. GREEN: Mr. Speaker, with respect to my honourable friend's argument, the fact is that the subject matter of the resolution, if not the identical wording, is referred to in the Speech from the Throne, and post-secondary education - reference to over eighteen-year-olds is what the subject matter of his resolution discusses.

MR. SPEAKER: I thank the honourable members for their comments but I would like to take the matter under advisement and give my ruling thereon when this resolution next appears on the Order Paper.

Resolution No. 11. The Honourable Member for Ste. Rose.

MR. MOLGAT: Mr. Speaker, I beg to move, seconded by the Honourable Member from La Verendrye, that

WHEREAS tax reform is necessary in Canada and in Manitoba, and

WHEREAS the Government of Canada has published "Proposals for Tax Reform" known as the White Paper on taxation, and

WHEREAS such proposals could have a major impact on the future development of Manitoba and its people, and

WHEREAS some of these proposals, such as:

- (1) the increase in the basic exemptions for Canadians in the lower income group.
- (2) allowances for working mothers employing babysitting help.
- (3) the closing of loopholes for improper tax avoidance are desirable and long overdue,

and

WHEREAS other proposed changes such as:

- (1) the capital gains tax.
- (2) the changes in income calculations for mining, oil and gas companies could be acceptable if properly applied in a manner which will not hinder development, and

WHEREAS other proposed changes such as:

- (1) the elimination of the lower tax rate on small corporations.
- (2) the removal of depreciation allowances in certain cases may have serious effects on development and growth of new business, on the transfer of family farms and on residential housing in Manitoba, and

WHEREAS other proposed changes such as:

- (1) capital gains on owner-occupied residences.
- (2) capital gains on items of personal property.
- (3) 5-year revaluation and a tax on unrealized capital gains are absolutely impractical, unfair and in many cases unworkable, and

WHEREAS it is desirable that the people of Manitoba, through their government, make known the views of Manitoba on these proposals,

THEREFORE BE IT RESOLVED that this House refer the whole question of the Federal White Paper on taxation to the Standing Committee on Economic Development for immediate study and the presentation of a non-partisan recommendation to the government in Ottawa.

MR. CHERNIACK: Mr. Speaker, I wonder if before you put the question whether the honourable member would not consider the structure of the way this motion is printed - and you will note that in each case the last clause of each section includes with it the desirability or undesirability of the points made - and whether he wouldn't agree that the wording in the motion as printed shouldn't separate the points made from the desirability of any, so that it would read better and then in the event that anyone wishes to amend or delete any one of the numbered clauses, it wouldn't be more readily done if there was that separation. I am not suggesting any change in wording but rather changes in presentation.

MR. MOLGAT: Mr. Speaker, I would completely agree, and in fact my original draft was set up in that way, that is for example on the first section the words "are desirable and

(MR. MOLGAT cont'd) long overdue" were meant to apply to the three points. In the second one the terms "could be acceptable if properly applied in a manner which will not hinder development," applied to both points. In the third group of whereases, again the words "may have serious effects on development and growth of new business, on the transfer of family farms and on residential housing," applied to both points. And similarly on the fourth group, the words "are absolutely impractical, unfair and in many cases unworkable," again were meant to apply to the three points. I would be quite happy to submit my original draft on that, and I would prefer that it be that way because it was intended that those were to apply to each section.

MR. SPEAKER presented the motion.

MR. MOLGAT: Mr. Speaker, I want to thank the House for having allowed this to stand on the previous occasion when I was not here. We have had a lengthy debate in the House already about the work that the Committee on Economic Affairs of this House has so far accomplished, and it seems to me that this is one area where the committee should get to work immediately, as I consider that the tax proposal as recommended, or at least suggested in the so-called white paper, can have some very important effects on the Province of Manitoba and that we simply cannot consider that the effects of taxation are the same across the country. What may be a desirable tax in a certain part of Canada may have some very different effects in another part of Canada.

We have to recognize that our country did not grow at the same rate in every part. We started off originally with the basic two central provinces, the provinces of Ontario and Quebec. At that time there was really nothing here in Western Canada. The whole tax structure in the early stages was designed basically for Ontario and Quebec. Since then there has been a very major shift in population and development in our country, but nevertheless the rate of growth has been much more rapid in the central provinces. We have found there a concentration of wealth, of industry, and a much earlier development for example in the mining field, so where certain changes might be applicable to the Province of Ontario, they may not suit the Province of Manitoba. It could well be for example that changes for example in the mining field may not have a harmful effect in Ontario because basically their mining development occurred much earlier than our own. They have developed basically their mining industry; we are still in a stage of creating a mining industry. Until a very few years ago, basically we had only one major mining area in Manitoba, Flin Flon and Sherridon, and it's only in relatively recent times that the other centres such as Lynn Lake and Thompson, and now Wabowden and Snow Lake, have been developed. Well there's a great deal more I'm convinced in Northern Manitoba, and if there are changes in tax laws which are going to reduce the incentive to explore and the incentive to development, then this may have a very harmful effect on Manitoba and it may affect our province very differently than it would the Province of Ontario.

So I think that we have to look at these proposals in the light of what is really good for Manitoba, and that's the reason for my proposal. I'm not one who supports the view that we should say the white paper is bad, throw it out, go back and redraft, because I think if we take that proposal it will simply defer any tax reform in our country for many years. We've had a very exhaustive study of taxes in Canada through the Carter Commission; following on that the federal department through its civil service has gone through an intensive study; and this is the proposal that has come out. I don't accept the proposal in its entirety. -- (Interjection) -- Well, maybe it's a Socialist document in certain areas. I have heard others declare it to be a Fascist document and one determined to do away with any large business and so on. There is a complete confusion. We have had some people who say, well it's so bad, just scrap it and start over again. I can't accept that point of view. I think we have to accept or take the proposals and look at each one of them in the light of what effect it will have and whether it's good or bad in itself.

That is why I have attempted in the resolution, Mr. Speaker, to break it into areas, and these are by no means exhaustive, but areas where I felt that we might be able to reach some agreement. I don't think that there will be any great objection on the part of anyone to having the basic exemption for example increased. As a matter of fact, I would prefer to see the basic exemption go higher, because I think the people who are in that income category really can't afford to pay income tax. The allowances for working mothers employing baby sitting help has been debated in this House previously. It's one matter that I have recommended in past times and I think is a fair deduction.

(MR. MOLGAT cont'd.)

I think all of us agree that any loopholes in taxation should be plugged. None of us wants to see people who should be paying taxes evading them, even if it is a legitimate evasion or at least a legitimate avoidance of the tax at this point simply because the law is such that they can get around it.

On the other end of the scale, I think that there could be general agreement that a capital gains on residences is not really a fair type of tax. Maybe on residences of very high value we might consider it, but on the basic domicile of an individual, I don't think it's fair. I think that the capital gains on personal property which has been suggested for example on items like boats or other items of personal property of lower value, I simply cannot see the sense in the capital gains in that area. I think that the cost of collection will be impossible. There may be some areas - jewellery, there may be some areas of high value if you want to go into works of art, these are to be considered, but to simply say arbitrarily anything over \$500 on personal property is going to be taxed for capital gains, I think is unrealistic. I can see an army of civil servants running around trying to find out whether you sold the motor boat that you bought two years ago at a profit or not. To me, it is simply impractical and I think senseless as well.

The five year revaluation on realized capital gains, again I think is unrealistic. I think you would force in many cases the sale of shares and securities which shouldn't happen. I think it might have a very bad effect in a Province like Manitoba. -- (Interjection) -- not recently, and I must admit that I don't share his point of view that you should throw out the whole of the white paper. I think it is an unrealistic point of view. Well then, if that's not what he's saying now, he has shifted his ground, because the original campaign that Mr. Stanfield went on is throw out the tax paper, just throw it right out, and I think that that is really stone-age thinking. It just doesn't apply in present times because you can't on the one hand, Mr. Speaker, say that you are in favour of tax reform and then on the other hand, when someone proposes something in tax reform, say oh no, no, we won't do that. You have to recognize that if you are going to have tax reform some people will have to pay more taxes. You cannot relieve people at the lower end of the income scale without having other people increase their taxes. And I accept that proposition.

What I want to see is a fair tax system, as fair as we can get it under the present circumstances, and if everyone is going to take the position because the tax is going to hurt me, I'm opposed to it, then we'll never get tax reform in this country. What I want to see then is a sensible approach to the tax reform, and an approach from our standpoint here in Manitoba as to what is good for our province. Now that doesn't mean that we are going to say we will oppose any other change, but I think there is an obligation upon us in Manitoba to present to the Federal Government our views as to what the effect of taxation is going to be in our province, it may turn out that we won't get all our views accepted; it may turn out that when we make our presentation they will convince us that as a fair Canadian tax we ought to have a look at something else. But I think we have that first obligation to say to Ottawa, here is what the effect of your proposed changes are going to be in our province and here is why we think it ought to be handled differently.

Now, Mr Speaker, in the central section, the capital gains tax, the depletion allowance of mining companies, the elimination of the lower tax rate in small corporations, changes in depreciation allowance and so on, these are areas where there may well be wide differences of opinion between the members of this House. This could well be, but I think that we have to look at these not from a fixed position that a capital gains is necessarily good or bad -- (Interjection) -- yes, Mr. Speaker.

MR. SPEAKER: . . . the honourable member that it is now 5:30. If he wishes. . . .

MR. MOLGAT: I'm surprised to see you up, Mr. Speaker.

MR. SPEAKER: . . . he may be able to continue on this matter when it next appears on the Order Paper.

MR. GREEN: I would like to move, seconded by the Honourable the Minister of Cultural Affairs, 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.