

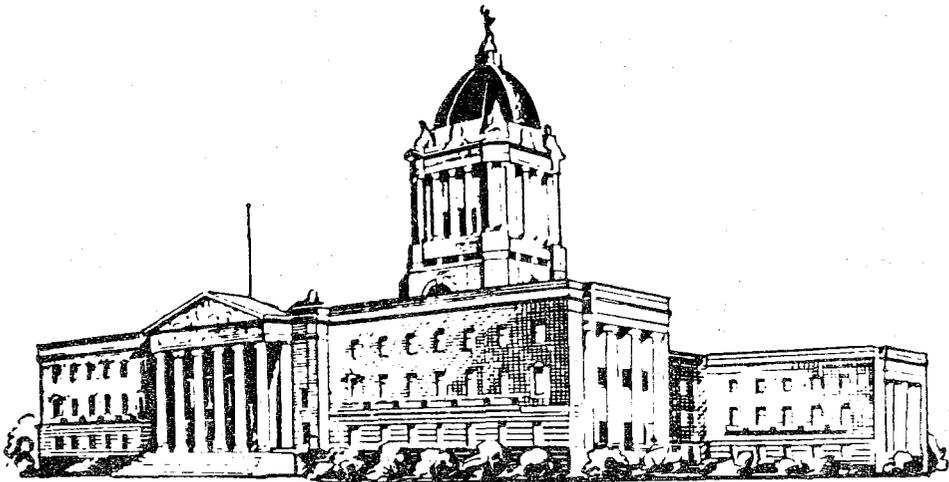


Legislative Assembly of Manitoba

DEBATES  
and  
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XIX No. 122 8:00 p.m., Monday, June 19th, 1972. Fourth Session, 29th Legislature.

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WOLSELEY			

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, June 19, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: We have in the gallery 10 scouts of the 51st Scout Troop Canadian Forces Base, Winnipeg. These scouts are under the direction of Mr. Ken Warner. These are from the constituency of the Honourable the Attorney-General. On behalf of all the honourable members, I welcome you here today.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements; Tabling of Reports. The Honourable Member for St. Matthews.

MR. WALLY J. JOHANNSON (St. Matthews): Mr. Speaker, I beg to present the First Report of the Standing Committee on Municipal Affairs.

MR. CLERK: Your Standing Committee on Municipal Affairs begs leave to present the following as their First Report.

Your Committee met for organization and appointed Mr. Johannson as Chairman. Your Committee recommends that for the remainder of the Session the Quorum of this Committee shall consist of nine (9) members.

Your Committee considered Bills:

No. 7 - An Act to amend An Act to provide for the Making of Grants to The Brandon General Hospital.

No. 18 - An Act to amend The Flin Flon Charter.

No. 38 - An Act to amend The Brandon Charter.

No. 43 - The Manitoba Association of School Trustees Act.

And has agreed to report the same without amendment.

Your Committee considered Bills:

No. 11 - An Act to amend The Local Authorities Election Act.

No. 44 - An Act to amend The Portage la Prairie Charter.

No. 45 - An Act to amend The Municipal Act (1).

And has agreed to report the same with certain amendments.

All of which has been respectfully submitted.

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

MR. JOHANNSON: Mr. Speaker, I move, seconded by the Honourable Member for St. George, that the report of the Committee be received.

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

MR. SPEAKER: Ministerial Statements; Tabling of Reports; Notices of Motion; Introduction of Bills.

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, I should like to direct my question to the Minister of Industry and Commerce. Has the Minister been advised that the workers in the plant at Morris, the Western Flyer Plant, had been notified that their services are to be terminated on the 23rd of this month.

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I have not been notified.

MR. JORGENSEN: I wonder now if the Minister would investigate the management of Western Flyer to determine whether they are capable of managing that plant, as the Minister has so loudly proclaimed so many times.

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs) (Seikint): Mr. Speaker, this afternoon I took as notice a question from the Honourable Member for Churchill in regard to the tendering of supplies in regard to the Redevelopment Project in Churchill. Since that time I have received the following information: that the local merchants had in fact approached the government and had requested a situation which would have given them a preference in regard

(MR. PAWLEY cont'd) . . . . to the supply of materials on contracts locally. They were advised that local merchants that were interested, that we were prepared to provide prospective tenderers with a list showing the goods and services that could be obtained from local merchants if the local Chamber of Commerce in Churchill would be good enough to provide us with a list indicating the goods, supplies that could be obtained on the local basis. Under no condition however would we insist, or require, those tendering to give what would be in fact a local dominant control to any group of suppliers. The local merchants would be expected to sharpen their pencils and obtain contracts with those that tendered in the same way as other suppliers would tender.

We also indicated to the merchants that we would be prepared to include in the tender documents a list of goods and services that could be obtained locally provided we were supplied with a listing before the next tender documents were prepared. Insofar as the Housing Corporation is concerned and Northern Manpower Corps, it's my understanding that advertisements for supply of materials were given locally and neither of the merchants who did tender that were local were successful tenderers. And again to emphasize that we wish to encourage the local people but not at a cost, that they tender on the same basis, and obtain their contracts from the contractors on the same basis as others making tenders.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSON: I might ask the Minister of Industry and Commerce a further question, ask him if he'd be able to advise the House when the phase-out of the Morris operation will be completed?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, I can only say that the honourable member has a good imagination.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): Yes, I'd like to direct one more question, related question, to the Minister of Industry and Commerce. I wonder if he would advise us as to whether or not the phasing out of Western Flyer Coach is compatible with this government's decentralization policy?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, that question is based on an assumption which is false.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): I have a question for the Minister of Municipal Affairs. Could he indicate what the hold-up is on the start up of a trailer court in Wabowden?

MR. SPEAKER: Orders of . . . The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, in order to do fairness in answering the question, I would take that as notice.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: A question for the Attorney-General, Mr. Speaker. Could he indicate to the House when he's going to take some action and lay charges against the rioters at Headingley?

MR. SPEAKER: Orders of the . . . The Honourable Attorney-General.

HON. A. H. MACKLING, Q. C. (Attorney-General) (St. James): I haven't received a report yet, Mr. Speaker.

#### ORDERS OF THE DAY

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q. C. (Minister of Finance) (St. Johns): Mr. Speaker, I would like to move, seconded by the Honourable the Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Logan in the Chair.

#### COMMITTEE OF SUPPLY

MR. CHAIRMAN: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, in respect to some of the matters that were raised later this afternoon I would like to answer the points raised as quickly as I can because I know that

(MR. PAWLEY cont'd) . . . . there is a very short period of time left I believe ten minutes.

The Honourable Member for Thompson asked whether or not we were pushing ahead with our housing program in Thompson in view of recent changes in regard to the population of Thompson. The present housing situation in Thompson is under review. No further action is being taken at the present time in order that we can assess whether or not further low rental housing in fact is required in Thompson under the present circumstances.

A question was asked in regard to the Inco and the rebate, also by the Honourable Member for Thompson, pertaining to the City of Thompson. I'd like to emphasize here that the monies paid by the province in regard to rebates are to the municipal, or the school division levy, are not to the school division or the municipality levy but are to individuals. I fail to comprehend on what basis International Nickel could consider that it would have been a right to interfere insofar as the program of providing rebates is concerned in Thompson, and let me say to the Honourable Member for Thompson that we will do all that we can in order to insure that the principle of The Tax Reduction Act is realized in practice in Thompson and that the individual ratepayers in Thompson receive the benefit of this program in the same way as ratepayers throughout the province receive benefit from it.

In regard to the questions raised by the Honourable Member for Churchill I took opportunity to answer some of that in the Oral Question Period, except I would like to add that we are proceeding with 39 public housing units in Churchill under a program in co-ordination with the Northern Manpower Corps. It's a training program using in entirety local people. The materials are being tendered for, and it is my understanding that for this project a good portion of the materials are being acquired from local suppliers. We hope to have this project closed in and the site completed before winter sets in, and occupancy before Christmas, and trust to proceed with another 25 units next year on the same basis as the 39 this year.

The Honourable Member for Graham raised the question in regards to -- my apologies -- the Honourable Member for Birtle-Russell - I hope he forgives me - raised a question in regards to the lateness of the reassessing in some municipalities, made reference to the R. M. of Dauphin. I want to simply indicate that I think no one is happy about the fact that there are reassessments due since 59. I want to emphasize to the honourable member that certainly not all blame can be heaped upon the present Minister, and it is my information from material given to me that in fact over the past two to three years that a great deal of this late reassessment work has in fact been caught up. My department officials advise me that in 69 there was a very great tardiness in the reassessment program and there were many more municipalities than there are presently, many years in default. Now that's not to forget the present situation but simply to indicate to him that we have been attempting to catch up for what has been a very poor situation that existed for many number of years insofar as the Assessment Department is concerned.

I want to indicate also to the Honourable Member for Birtle-Russell that the Minister is very concerned about assessment practices in the province. I had the pleasure of listening to the Honourable Member from Birtle-Russell on one occasion in his riding, suggest that we had sharp differences of views on assessment. I am not sure from where he gathers this point of view. I would like to mention to him two things, one is that we did have a committee of the Legislature sit and deal with assessment practices and it had full representation from his party, and I might say to the Honourable Member from Birtle-Russell I did not note sharp differences on that committee between the members of his party and the members of the government party in regard to assessment practice, so that I would question whether or not we do have distinct alternatives being presented to us insofar as assessment is concerned.

I think a much more constructive role is being taken by the recent developments on the part of the Union of Manitoba Municipalities and our department in attempting to set up a committee to give back and forth information in order to ascertain whether or not assessment practices in rural areas can be improved in any major respect, to have a very thorough look at assessment practices. I might commend the Union of Manitoba Municipalities and its officers for taking this constructive approach in attempting to examine the entire area of assessment in Manitoba.

Some reference was made in respect to the PEP Program and the question was asked by the Honourable Member for Minnedosa whether PEP funds were being used to improve private property. Not to my knowledge. I would be very curious if sometime if the Honourable Member for Minnedosa would indicate to me what he had in mind in asking that question. Only insofar as the Pensioners Home Repair Program that I know of could one say that PEP monies

(MR. PAWLEY cont'd) . . . . were being used to improve private property. I know that in all programs, government or otherwise, human beings are frail and he may know of some instances of abuse, and I would hope that being a constructive legislator, which I know him to be, that he would want to acquaint the Minister responsible with any such examples of abuse that he knows exist in the program so that he might ensure that there might not be a repetition of that type of abuse this coming year, if such a program was repeated in the Province of Manitoba, and I'm sure I can rest with that assurance this evening.

Insofar as the review of Public Housing Program in light of the comments made at the federal level, I might say to you that certainly this is a government that is very inclined to review programs all the time. We are not a rigid government, we are not a doctrinaire government, we are not a government with preconceived notions but a government that is always ready and prepared to respond to the exigencies, the exigencies . . .

MR. CHAIRMAN: Order, please.

MR. PAWLEY: . . . the exigencies of a particular situation and I know, and I know that the Honourable Member from Minnedosa realizes this. I know that in his heart he agrees with the statement that I've just made and would only wish that he could have the opportunity to make that same statement in this House and I know he can't because he's concerned about the exercise of the Whip over on the other side. But I know that in his heart he's in full and complete agreement with this statement of mine.

So as I say we are reviewing our programs being a pragmatic and progressive government and we are prepared to accept that which is good, that which fits in with the needs of Manitoba, that which will improve the housing stock in the Province of Manitoba. We are prepared to accept that. On the other hand we are prepared to reject all of that which does not fit in with the needs of Manitoba.

I might emphasize to you that there are two problems in regard to the federal proposals by the Minister of Housing. One is that it's yet not clear whether or not those housing proposals would do one iota, for example, for the constituency of the Honourable Member for Minnedosa. I have an uneasy feeling that the housing program announced at the federal level may be an urban policy, in fact I think one could nickname it an Urban Housing Program rather than a National Housing Program. So I'm concerned on that point, that it might in fact not in any way shape or form contribute to an improvement of housing in the constituency of the Honourable Member for Minnedosa.

Secondly, I would also be somewhat concerned that the long-term mortgages might not in fact do much outside of assisting that income group in the \$5,000 to \$7,000 area. I'm concerned that we will find that those in the \$5,000 and under income group, from the data we have available to us at the present time, will not receive adequate assistance from the Federal Housing proposals. This concerns me because it is certainly in the five and under group presently living in the most deplorable housing in the Province of Manitoba, both rurally and urban, that I'm sure all members of this House would agree that we should attempt to zero in on in order to improve their quality of life.

The rehabilitation program at the federal level, the rehabilitation program matching dollar for dollar, also gives me concern because the intent of the Federal Legislation is to restrict that program to certain designated districts called Neighbourhood Improvement Districts. So I would be somewhat concerned that we might find rehabilitation program for older homes not a provincial-wide application but in fact an application restricting itself to certain limited areas. I only say this to the Honourable Member from Minnedosa because I want to express concern that we exercise caution but constructive caution in looking to the recent developments from Ottawa in regard to a new housing program in Canada.

The Honourable Member for Pembina raised the question of PEP again, suggesting that some PEP money was being spent unproductively. Again, all I can repeat to the honourable member is the fact that all human beings, frail as they be, again he might be able to single out some isolated instances of abuse. I'm not one to deny that abuse exists because we all recognize imperfection in the state of man. I think all that we can do is that I can emphasize and urge that the Honourable Member for Pembina, like the Honourable Member for Minnedosa, being a constructive and responsible member of this Legislature, would advise us of all instances, isolated or otherwise, of abuse in our PEP Program before next winter comes upon us, in the event that we should repeat such a program.

The area of housing, difficulty in selling houses in rural towns because of low rental units.

(MR. PAWLEY cont'd) . . . . All I can say to the honourable member, that the development of public housing of rural towns such as Manitou or Morden depends upon the initiative of the local people and I think it is up to the local people to determine whether or not the problems that the Honourable Member for Pembina cited are really of such an important nature that nothing should be done in order to improve living conditions of those in need of better shelter within those rural towns. I think it is up to those local communities to determine that and to this date they have indicated their desire; I want to say that I have been impressed by the very lively interest from the constituents within the constituency of Pembina in our Public Housing Program and it has, I think done, made us feel somewhat enheartened to know that there is such interest in the constituency of the Honourable Member for Pembina in our Public Housing Program.

The Honourable Member for Rock Lake raised a very thorny question this afternoon, one that often gives me some concern too, and that is that is the delays in achieving final and complete answer to request for senior citizens housing developments in small towns. He made reference to the fact that management, secretariat or committee seems to, over lengthy periods of time, tie up the approval of such projects even after it appears that housing corporation is prepared to approve those projects. I want to simply indicate to the honourable members there are many problems that have to be considered insofar as senior citizen developments are concerned. One is the availability of sewer and water; two is the present population, whether or not that population is at least holding its own or whether it's on steady decline; if it's on a steady decline are there centres within the immediate area. I think I can say to the honourable member this, that this government has been very responsive to the demand for senior citizen housing in rural villages and towns. I am informed, and also from the data which I have available to me, that this government has been very liberal, progressive, humanitarian and senior citizen conscious insofar as its attempt to make available to the pioneers of this province decent housing accommodation. In fact I say to the honourable member that really we just now have a real effort to provide senior citizen housing throughout rural Manitoba and I could name centre after centre recently in rural Manitoba where senior citizen housing has been constructed. I say to the Honourable Member for Rock Lake this, that if he has doubt, if he has doubt as to whether or not we are responding to this need, all that I need say to him is this that he need speak to a few rural people throughout rural Manitoba and he will swiftly gain the impression that this government in fact is the most responsive government to the needs of senior citizens and their shelter requirements than any previous government in the history of the Province of Manitoba was.

MR. CHAIRMAN: Order! Order! Order! Pursuant to our House Rule 65 (5), at the end of 90 hours in Supply unless debate has been previously concluded, the Chairman shall interrupt the proceedings and forthwith put every question necessary to dispose of the remaining resolutions.

(Resolutions 95, 96, 97, 98, 99, 100, 101, 102, 115, 116; 55, 56, 57; 107, 108, 109, 110, 111, 112, 113, 114; 89, 90, 91, 92, 93, 94, 117, and 118 were each ruled read and passed.)

This completes Estimates. Committee rise. Call in the Speaker.

#### IN SESSION

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

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

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

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Agriculture that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider and report of the following bills: No. 5 - The Succession Duty Act (Manitoba); No. 6 - The Gift Tax Act (Manitoba); No. 17 - An Act to amend The Income Tax Act (Manitoba) (1); No. 15 - An Act to amend The Income Tax Act (Manitoba) (2).

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of the Whole with the Honourable Member for Logan in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. CHERNIACK: Mr. Chairman, I wonder if we could start with Income Tax Act No. (1), Bill 17, and may I make just a comment, Mr. Chairman. For the convenience of the committee I have the Act - my copy of the Act - marked to indicate those sections and they're very few of them which are different from the uniform bill that has been passed or in the process of being passed and all other provinces that are parties to the collection agreement with the Federal Government. And I'm prepared to indicate to members of the committee when we come to those particular sections in what way they differ or what is their peculiar relationship to Manitoba.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): I wonder if the Minister from Finance can indicate whether there are any amendments to be introduced as far as the Act is concerned?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: No, Mr. Chairman, there are no amendments to Bill No. 17 of which I'm aware unless Mr. Tallin has some hidden away, and he says he doesn't.

MR. CHAIRMAN: Clause 1 -- passed; Clause 2 -- passed; Clause 3 -- passed; Clause 4 -- passed; 5 (f) -- The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, Section 5 is where there is a difference in this bill from the uniform bill in terms of the numbers which we've discussed at great length.

MR. CHAIRMAN: 5 (f) -- passed; (g) -- passed; (h) -- passed. The Honourable Leader of the Opposition.

MR. SPIVAK: Well, Mr. Chairman, the debate on this particular item has already occurred in this session, and to a certain extent there may be repetition - but the point has to be made again with respect to the degree of income tax that will be paid by the taxpayers of Manitoba as a result of the change in the section. The Minister of Finance will argue that this particular section has the effect of providing in income - as a result of the formula supplied by the Federal Government - the same amount of money that would have been paid under the old Income Tax Act, where 39 points were applied to the proportion of money paid to the Federal Government by way of the income tax claims.

But, Mr. Chairman, the point that has been completely ignored is the fact that as a result of the new tax reform proposals and the new definition of "income" for the purpose of taxation applied by the Federal Government, more and more people in Manitoba will be paying more and more tax; and more and more people in Manitoba will be paying more and more tax to the Federal Government; and proportionately are going to have to be paying more and more tax to the Province of Manitoba. So the result of this formula that is applied, is that the taxpayers in Manitoba will be paying additional tax to the Federal Government; an additional tax to the Provincial Government; which in effect will increase the Provincial Treasury receipt, and which in turn provides more revenue for both the Federal and Provincial Governments. The implications of this are very simple. It means that the government has taken a portion of the share of the earnings of the individual and is applying it for its purpose. The argument that has to be presented at this time is that the government in doing so is saying to the individual that as a result of the reforms that have taken place within our tax system, we now believe that we are in a better position to judge rather than yourself the amount of tax or monies that should be handled by ourselves rather than by you.

Mr. Chairman, we are at a time in Manitoba's history and in Canada's history where in real terms the income rise that has occurred among our taxpayers realistically is being absorbed by inflation and by government taxation at all levels. In a very real sense the income earner in Manitoba for all intents and purposes is no better off than he was several years ago - notwithstanding the fact that he may have rises in actual income, because the amount of money that he has will buy only what he was able to buy before and the rest that he would have had for his own use has been taken by government. And while I'm not prepared to get involved in the argument of the 42.5 as opposed to the 39 or the arithmetic of it - and I really defy the Minister of Finance to be able to prove this, other than to suggest that the Federal Government have offered this formula and they've got to go by what they have said. I suggest, Mr. Chairman, that the overall effect is very simple. The government has basically taken the rise in real income from a majority of Manitobans and is using it for its own purposes, the purposes that they consider is beneficial to the people - but nevertheless it is taking it from the people, and it is particularly

(MR. SPIVAK cont'd) . . . . taking it from the group that are called the lower and upper middle class poor. And, Mr. Speaker, those are the taxpayers who today have achieved the high degree of burden of taxation; who resent very much the continual dipping into their pockets by both the Federal and Provincial Governments - and this particular section in no way offers any realistic relief to them and nor does it in any way suggest that the government is concerned about their particular plight or circumstance.

Mr. Chairman, we've reached the point where if the government had been prudent in the way it had handled itself and had been prepared to cut government spending, it could have provided essentially a cut in income tax by reducing the position of 42.5 as the formula to possibly 39 and thereby - or 38 - and thereby causing a 10 percent reduction in income tax for this province. And that I suggest, Mr. Chairman, would have been for the benefit of the upper and lower middle class poor, and its benefits would have been felt in renewed confidence on the part of the taxpayers with respect to government spending and with respect to potential investment as far as the province is concerned.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. JACOB M. FROESE (Rhineland): Mr. Chairman, just before the Minister gets up . . .

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: . . . gets up to reply, it seems to me that we're passing retroactive legislation here under section 5 under (f) and (g) - because this refers to the years 1967, 68, 69, 70 and 71, and I think I checked back that sometime ago these bills have been on the Order Paper for quite some time but I forget -- I think it refers to several amendments that were made in prior years. But anyway, to have it inserted at this time, it seems to me that this is being retroactive legislation - as far as that is concerned. On the point just raised by the Leader of the Opposition, while the government may argue that this would give them no more money than under the former arrangement, but it still holds true that the percentage rate is being increased.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, an explanation for the Honourable Member for Rhineland is that people of course are still, some people are still paying taxes on previous years' income and therefore it's necessary to show the rate that was applicable in those previous years to provide for continuity. If the honourable member had checked the Income Tax Act, he would have found that it was - the provisions of 39 percent is there. The provisions for the 33 percent is not in the Act, and I don't know why that was passed by the previous government. And this straightens it out for those years. So it's not retroactive in the sense that it is only to confirm what was the tax and to insure collection on previous bases.

Now, Mr. Chairman, I don't intend to spend much time on what was said by the Leader of the Opposition. What he said about inflation is a fact of life that we know and recognize, and we in Manitoba are doing our best to try and see to it that people's real incomes are maintained in spite of inflation. We can't do it alone as a province - I don't know if Canada alone can do it either, but at least we feel that the Canadian Government is not taking the proper step to insure a proper balance between income and inflation - but to the extent that we're able to do it as a province, we are doing our best.

Now, Mr. Chairman, it's not for me to defend the Liberal Government in Ottawa, but it is for me important to defend the truth. And the Leader of the Opposition may recognize the phrase that issues from his lips almost every time he stands up - and the fact of the matter is, the fact of the matter is that he is wrong in saying that more and more people are repaying more and more tax; because the fact is that less and less people are paying tax because the Federal Legislation with which we do not entirely agree; but insofar as it has raised the exemption of the spouse - of the dependents generally - there are many less people paying taxes than there were before. And as far as the amount of taxes paid, I know that I distributed in the past in this House tables, a copy which I still have in my possession, which indicates that overall both federal and provincial there is a net reduction in taxation due to the measures brought in by the Federal Government which we think are inadequate.

Nevertheless the taxes imposed on individuals in relation to their income are less than they were under the previous legislation, and I think that is what the fact of the matter is and not as described by the Leader of the Opposition. The fact of the matter is that the Federal Government found it necessary to give a guarantee to provinces that they will not suffer as a result of the change in the income tax legislation; and the fact of the matter is that they wouldn't

(MR. CHERNIACK cont'd) . . . . have had to make that guarantee if indeed the Leader of the Opposition was correct. So as far as I'm concerned the formula which has been provided for us that is in the Federal Act, is one where we don't have to take the word of the Federal Government as the Leader of the Opposition suggested. The fact of the matter is that we checked their figures, we satisfied ourselves that they were correct. They were arrived at of course by the federal people, but we are satisfied that they are correct within the half decimal that was agreed upon as being the amount at which these new tax rates would be adjusted. So the fact of the matter is, Mr. Chairman, that we are expecting the same revenue but we do have a guarantee that we will not suffer thereby.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well I rise because of one of the remarks the Minister of Finance has made which suggests the guarantee that the Federal Government gave is an indication that the amount of revenue that was anticipated would be possibly less. All the guarantee that the Federal Government indicates is that the Federal Government is prepared to guarantee the amount and that if it was less it would be prepared to pay; but obviously like many other guarantees that people provide or business provide they were pretty sure that it wouldn't for a variety of reasons.

The Minister suggests that less and less people are paying less and less tax, and as a matter of fact in a press release that was provided at the time the Minister made his statements prior to the session, it stated: "Income Tax Down for a Typical Taxpayer". I think in that case what he did is he took a typical taxpayer which represented only ten percent of the typical taxpayers in the province and said this was the typical taxpayer - and he found a situation which was, you know, which appeared to strengthen his position. But the truth of the matter is this, that anyone who examines his position after having paid his deductions to the Federal Government or the Federal and Provincial Income Tax knows that he's paying more - and there is no reason at this particular stage in the session to start to harangue the very obvious. The Minister of Finance may suggest over and over again the facts speak for themselves and the typical taxpayer is paying less than he was paying before, but the truth of the matter is that more and more people are paying - and that fact is obvious by just going out and asking 100 people what they are now paying and what their tax deductions are now as opposed to before and I would believe, Mr. Chairman, that those facts can be established very clearly.

There is no way in which the government can relieve itself of the fact that in applying the formula that the Federal Government has applied to them, the net effect is that there is more cash being taken by both Federal and Provincial Government from the taxpayers than ever before, and the fact that the revenues are increased this year \$20 million over last year is indicative of the rise and its percentage of rise. The rise in actual dollars and the percentage of rise indicates that in fact the taxpayers to a large extent are being dunned by both the Federal and Provincial Government. This is not a situation which can simply be passed over to the Federal Government. The Provincial Government could have reduced taxes, it has happened in other jurisdictions. And the formula need not have been the 42.5, but having applied the 42.5, let it be clear that the net effect is that the present government are taking more money from the taxpayers in Manitoba than they were taking before because the taxpayers of Manitoba are paying more to the Federal Government, and therefore proportionately that additional amount is also being paid to the provincial government as a result of this new formula.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I'll try not to make this a continuing dialogue - but I am glad the honourable member rose to speak, because I have been misquoting him. And when I spoke earlier, I should have been saying the truth of the matter is - and the truth of the matter is that when I distributed information along the lines discussed by him, I distributed one sheet - single taxpayer with no dependents, another sheet married taxpayer no dependents; another sheet married taxpayer, one child under age 16; another sheet married taxpayer two children under age 16; and a final sheet showing the tax on the basis of taxable incomes. And all those items show a net reduction in total taxation with the exception of the single taxpayer, no dependents in the income bracket of eight to 15 thousand dollars, where the highest increase was \$88.74; the lowest was \$12.90 for the year. But the truth of the matter is that the province of Manitoba has reduced income taxation or taxation generally; and this House today passed legislation in principle, second reading of Bill 55, which was a clear cut reduction in taxation to people in Manitoba. And we did it not on the blunderbuss approach, as suggested by the

(MR. CHERNIACK cont'd) . . . . Leader of the Opposition, where everybody gets a flat reduction - but one which recognized incomes, recognized dependents and recognized the cost of education tax.

We are proud of what we did in that respect. We have reduced taxation in this year and in almost every year since we have been in government; I hope we can continue to do so - to reduce taxation in those fields where it is most needed.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, it's interesting that the Minister of Finance is now prepared to sort of repeat I would suggest what the arguments will be when we go into the hustings in the general election. But you know, Mr. Speaker, let's examine what he says. He says that we have had actually a reduction in taxation. Now a reduction in taxation comes about if taxes are reduced, and if they're in fact cut. There are no tax cuts, Mr. Chairman. What we have in this province are tax increases. There are increases in taxes that are taking place in a variety of different ways, and what the government is doing is basically dipping their hands in the pockets of the taxpayer, pulling out some money and giving it back to them and saying we are giving you a tax cut.

Now, Mr. Chairman, just for the record let's not try and create the myth or the fiction - and that's exactly what the Minister of Finance is trying to do in his blunderbussing way - the myth of the fiction that in effect I have cut taxes - he's cut nothing. The way you cut taxes is you cut government spending, and he's cut nothing. What he has basically done is raise taxes in other areas; raise income that will be received from taxes as a result of applying the 42.5 factor to the Federal Government's income tax reform programs, which will tax Manitobans more - and thus he will tax Manitobans more, and in the process now suggest that I'm going to give you back something because I'm giving you a tax cut. There are no tax cuts, tax cuts come when you cut government spending, and you haven't cut government spending. Tax cuts come when you cut back on the taxes that you are imposing. Now what taxes are they imposing when they are cutting back? The sales tax has been altered to include production tax; liquor has gone up; cigarettes have gone up - well, the income tax now proportionately is going to be taking more money - where are we cutting taxes?

So, Mr. Chairman, while the government will try and establish a posture and a position, and to try and carry forward this myth that in some way they are helping the people of Manitoba through their management - let me suggest the very obvious; there are no tax cuts that are taking place in Manitoba. There is a shifting and a sleight of hand and it may be a very clever sleight of hand; so far it doesn't appear to have worked that cleverly, but that sleight of hand is going to be an attempt on their part to try and fool the people. But I repeat again, once you have your hands in the pockets of the taxpayer, and you pull out the money from there and give it back to him, the taxpayer isn't that stupid to believe that in effect you are doing anything for him or that you are giving him back something, or that in effect you are helping him. And the net effect of all the people in Manitoba who have tax deductions at source is to realize that no matter what the government wants to say as a result of the application of this particular portion that we are going to be asked to pass, more and more people in Manitoba are paying more and more amounts of money to both the Federal and Provincial governments.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I want now to accept something that the Leader of the Opposition said. He and I who are in the high income bracket, have not received a reduction of taxation; but the people where it counts, the people to whom every dollar is important have received substantial reduction in taxation. That's what it's all about. I, Mr. Chairman, I am trying to live within my income, but I'm not finding it anywhere near as difficult as many other Manitobans are - and to the extent that we are able to help them, then I do withdraw any suggestion that the Leader of the Opposition or I are benefitting from any tax reductions. But I am happy - as I wish he were happy had he voted the right way today - in helping those who are in a much less capable position to enforce the kinds of income that he and I receive.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well, Mr. Chairman, I wonder who else we could include in that category of the Minister of Finance and myself. I guess we can include the farmer, who as a result of the Federal Income Tax changes now has a situation where there'll be full recovery of depreciation on his equipment when it's sold. I wonder if we now include the provincial portion of the increased taxes that he's now going to have to pay as a result of the Federal situation and we

(MR. SPIVAK cont'd) . . . . are in a position to say that he's in the same category as the Minister of Finance and myself.

Yes, let me say this through you, Mr. Chairman, to the Minister of Finance - now the day that, or the second week I guess it would be the 15th of January when the tax deductions were first applied to the new tax law including the portion that was to go to the province, there were a few almost revolutions that occurred in some of the major commercial businesses in this province. And I think he may be aware of them; there were situations that arose even though employees had in fact had a substantial percentage of increase in their salary, when the actual cheques came to them, who were not prepared to accept that the deductions were as great as they were - and these people by the way are not in the category of the Minister of Finance or myself insofar as income is concerned. And there were situations that I am aware of where in fact the accountants had basically business stopped as the accountants of the firms tried to explain to the employees that the net effect of the Federal and Provincial Income tax was responsible for a deduction at source which was far greater than it had been before, notwithstanding increases in increments and salaries that had taken place as a result of normal bargaining and occurred on the 1st of January.

And I think that I can say that in spite of what the Minister of Finance wants to suggest, that the lower and upper middle income class group, notwithstanding all the provisions that he is trying to suggest apply to them - and I include many farmers in that category, who are now in a taxable position that they have never been, are now taxed in a position that they were never taxed before - and it's not a joke - are now taxed in a position that they never were taxed before; and found themselves in a position as a result of what is taking place they are paying tax at a higher rate - and notwithstanding all the, you know, all the malarky for lack of a better word that the Minister of Finance and the members opposite may try to present to the people - recognize that the net effect is that the government is not providing any real benefit to them but in fact, is taxing them more.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, we've heard nonsense from the Leader of the Opposition.

MR. CHAIRMAN: Clause 5 . . .

MR. SPIVAK: I'm sorry, I did not hear it because of the acoustics, but I suggest that if the Minister of Finance says that there's no sense to what I'm saying; if that's what he's really suggesting, then I think he doesn't know what's happening out there. I don't think he's talked to too many people who are salaried people, who have deductions at source - because I don't think he has any understanding of their feeling with respect to him, to the government or with respect to the Federal government. You know, they are not very happy with the fact that whatever they're earning is essentially being taken away at this point; whatever increased earning that they have had has essentially been taken away by the Provincial or the Federal Government. They are not happy - and I think justifiably so, because the government thinks it's more competent than they are to handle their money - and they don't believe realistically at this particular time that they are getting any particular increased benefit from the Federal and Provincial governments in the way in which they are handling government spending. So you can suggest all you want that it's no sense on our part, but I suggest to you that you haven't the slightest idea what's happening out there - because the truth of the matter is this, that the people who have deductions at source are in fact at this time finding it harder and harder to make ends meet - because inflation has in fact been responsible for their earning power resulting in the inability to be able to acquire goods and services that they did before. And in addition for them to be able to manage to be able to add to their own quality of life - and if you suggest that the government at this particular time is a great benefactor, I suggest to you that you have no idea - because they don't believe a government is a benefactor, no matter what kind of program or what kind of gimmicks you may suggest will be appealing for the next general election.

MR. CHAIRMAN: 5 (h) -- passed. Clauses 6 and 7 were read and passed. Clause 8, sub (46) (a) --

MR. CHERNIACK: Mr. Chairman, the word "individual" - the third word.

MR. CHAIRMAN: Correction in spelling. Clauses 8 and 9 -- passed. Clause 10 (a) --

MR. CHERNIACK: Mr. Chairman, I undertook to inform the House of changes. I'm sorry. There is a correction here of a previous technical error.

MR. CHAIRMAN: 10 (a) -- The Honourable Minister of Finance.

MR. CHERNIACK: Well, this section - the original subsection reads: "The tax payable by a corporation under Section (3) for the taxation year 1970 is 13 percent" - and what should have been added is in here: "and each subsequent taxation year" should have been added there rather than at the end of the original clause. I'll read the whole clause. "The tax payable by the corporation under Section (3) for the taxation year 1970 is 13 percent of the corporation's taxable income earned in the year in Manitoba and in each subsequent taxation year." This is a structural, grammatically structural error where the words "in each subsequent taxation year" are being put in a different spot in the same sentence.

MR. CHAIRMAN: (Clauses 10 to 16 were read and passed) Clause 17 --

MR. CHERNIACK: This is another typographical error, Mr. Chairman.

MR. CHAIRMAN: (Clause 17 to 29 of Bill No. 17 were read and passed) Clause 30, 42 (8) -- passed; 42 (9) --

MR. CHERNIACK: I wanted to check with the Legislative Counsel. Was there a change there in the fifth last line? Sorry, Mr. Chairman, there's no change.

MR. CHAIRMAN: (Clauses 30 to 33 of Bill 17 were read and passed)

Schedule on Pages 12, 13 and 14 -- passed; Preamble passed; title passed; Bill to be reported ...

The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I'm not sure the way in which we do this by asking for ayes and nays, but we do not want the bill reported so if required, I'll ask for ayes and nays.

MR. CHERNIACK: I believe that on this motion "the bill be reported" we could have a vote but it's not ayes and nays, it's just a number count. This could be done or when we move into third reading of course there would be a vote. --(Interjection)-- But we could have a standing vote. It's just not recorded except in terms of numbers. --(Interjection)-- What do you want to question?

MR. SPIVAK: Well, I'm just simply suggesting that you've asked bill be reported, we ask the bill not be reported.

MR. CHAIRMAN put the question on "bill be reported" and after a voice vote declared the motion carried.

MR. SPIVAK: Ayes and Nays, Mr. Speaker.

MR. CHAIRMAN: Call in the members. Order, please. The question before the House is: Shall Bill No. 17 be reported?

A COUNTED VOTE was taken, the result being: Yeas 25; Nays 22.

MR. CHAIRMAN: I declare the motion carried.

MR. GORDON W. BEARD (Churchill): Mr. Chairman, I don't know whether I'm supposed to declare myself but I was paired with the Honourable Minister of Recreation and Cultural Affairs. If I had of voted, I'd have voted nay.

..... continued on next page

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, if we would now proceed to Bill No. 5. I have previously distributed proposed amendments to Bill No. 5, The Succession Duty Act.

MR. CHAIRMAN: On a point of order? The Honourable Member for Rhineland.

MR. FROESE: Could the Minister inform us why we were not notified that these would be proceeded with tonight?

MR. CHAIRMAN: Order, please. Would the honourable member speak up, I can't hear him.

MR. FROESE: I asked the Honourable Minister whether he could inform us why we were not notified that they would be proceeding with these tax bills tonight, as a matter of courtesy?

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Chairman, on the point raised by my honourable friend from Rhineland, he's been in the House long enough to know that any time Committee of the Whole House is called, and it has been standing on the Order Paper for about three weeks now, that when - go into Committee of the Whole House any bill that's referred to that is proper business for the House. He knows that.

MR. FROESE: On that same point of order, Mr. Chairman. The House Leader advised us last Friday night that we would be continuing with concurrences after Estimates.

MR. PAULLEY: I did not.

MR. CHAIRMAN: Order, please. Bill No. 5. Clause 1(a) sub (i)--passed. The Honourable Minister of Finance.

MR. CHERNIACK: I'm not finished my -- I just wanted to inform members that the proposed amendments have been distributed and I have a message from His Honour addressed to the Speaker of the Legislative Assembly, which reads as follows: "I have been informed of the proposed amendments to Bill 5, The Succession Duty Act (Manitoba) copies of which are attached hereto. I recommend the proposed amendments to the House. Dated Winnipeg, this 12th day of May, 1972 and signed by the Lieutenant Governor".

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, in order to facilitate the matter, I wonder if I can ask the Minister of Finance before we commence. Am I to take it that the only amendments to be introduced by the government are the amendments that were presented to us in advance prior to going into this particular committee?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Yes, Mr. Chairman. There are some typographical errors which we'll come to but other than that there are no major amendments.

MR. SPIVAK: I might as well put the question direct. In other words the exemption is not going to be raised to 500,000, the exemptions are to remain as they are in the Act; the exemptions of a preferred beneficiary in terms of the spouse. . . ?

MR. CHAIRMAN: Order, order! We are not going to get into the procedure that we got on Bill 21. We're starting to discuss sections that are not under consideration at the time. When that point comes up, I would suggest to the Honourable Leader of the Opposition that he raises his point at that time.

Clauses 1(a), (b), (c) were read and passed (d) . . . The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, this is probably the appropriate time because we have no alternative but to in fact deal with this matter under the definition section when we talk in terms of "charitable organizations" for the simple reason that the definition section will define "charitable organization" and this brings into play for our discussion purposes the issue as to whether "charitable organizations" should or should not be subject to a succession duty. I think the point has to be made now as it probably will be made later on, Mr. Chairman, that the concept that the NDP government have in Manitoba which as I understand it is the only jurisdiction in Canada to tax . . .

MR. CHERNIACK: . . . point of order? I haven't yet found the section but there is -- Section 15, I'm informed, is the one which deals with the alternative methods by which charitable bequests may be opted for. I would suggest that that is really -- I don't know that the Leader of the Opposition objects to the definition in section 1 but really I suppose what he wants to object to is the fact that there is not a complete exemption for donations. May I suggest that that fits in better under 15(3), which appears on Page 18.

MR. CHAIRMAN: (Clause 1, Sections (d) to (gg) were read and passed.) Clause 1, Section (hh) sub (i)--passed; sub (ii) -- The Honourable Leader of the Opposition.

**MR. SPIVAK:** I'm sorry, this deals with value in relation to any income right, annuity. I'm not sure that this would be the appropriate time, but I think it may very well be, to discuss the question that has been raised before as to the possibility of some consideration being given for a reasonable time period for valuation to take place with respect to a value with respect to succession. This takes into consideration the reality that in many situations at the time of death the value itself, in real terms may not be the fair way in which to assess an honest value with respect to an estate. This takes into consideration fluctuations that occur with respect to evaluations particularly of shares or particularly in connection with real property -- and I'm looking to the Minister of Finance to indicate whether this is the particular section to deal with this.

The question has been raised before, I'm not sure the government's prepared to consider it, but it would seem reasonable that there could be and should be some reasonable period of time allowed or some averaging to occur so that there is not an unfair situation that takes place on values that are determined at the time of death which in some cases can cause severe burdens to people in the light of conditions that would change which would have the overall effect of confiscating any attempt at succession or any attempt in which an estate would be passed to preferred beneficiaries who would be simply incapable of providing the satisfaction of the duty to be paid.

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CHERNIACK:** Mr. Chairman, the point raised by the Honourable Leader of the Opposition is a vexing point and is made even more difficult because of the fact that this is succession duties we're talking about and not estate tax so that we are taxing the beneficiaries of an estate and then presumably each one would have the right to try to pick a different date for the valuation and there could be a difference relating to even those beneficiaries who are in different jurisdictions, say children in each of the ten provinces of Canada.

Now I was not that much involved in this kind of detailed discussion because it is technical and is one that I recognize as being a difficult one, but I am informed that the Technical Committee consisting of the six provinces and the Federal Government involved in this uniform type of legislation wrestled with this problem quite extensively and came to the conclusion that it was impractical to try to put into some sort of context the point made by the Honourable Leader of the Opposition. The result is that their report as technicians was that it was just not practical to bring in any variable dates such as I believe the Leader of the Opposition suggested and their recommendation is that we should leave it this way recognizing the difficulties involved and assuming that this is the best way of dealing with it. I'm not really much more competent of discussing this matter because it is highly technical. I can only report the conclusions of the committee.

**MR. CHAIRMAN:** The Honourable Leader of the Opposition.

**MR. SPIVAK:** Well I accept the remarks of the Minister of Finance and I appreciate the fact that, the technical difficulties of trying to determine it, but I think you would agree with me that probably, not in many, but in some cases, and they may appear to be many when there has been an opportunity for experience in judging it, but in some cases there can be a real undue hardship among beneficiaries who for all intents and purposes, as a result of this, will have the confiscation of the succession - that's not the intent of the government but the reality will be confiscation. Is there no way in which there can be some - I realize ministerial discretion exists to a certain extent - no way there can be some formula arrived at for that kind of protection, because I have no doubt it will occur, and it will occur in those cases which we probably haven't even seriously considered here, which will require the most sympathetic approach on the part of government and the government machinery in dealing with the particular matter.

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CHERNIACK:** Mr. Chairman, I will agree with the general statement made by the Leader of the Opposition. Of course when he says that there could be a hardship in some cases, there could also be a tremendous benefit in other cases where the estate is valued at the date of death, let's say of a stock of a highly speculative nature where it might be very low and may jump spectacularly within a month - there could be tremendous benefits as well.

I am informed, and I don't know how much solace it is to anyone that in the experience of the Succession Duty and Estate Tax in jurisdictions they have not run across a case where the entire inheritance was wiped out due to that kind of description, but that as I say is little

(MR. CHERNIACK cont'd) . . . . . solace because there are still people who will be adversely affected. So that my only additional comment would be twofold. One is that one would hope that the Minister and the Government at the time of such an occurrence being brought to the attention of Cabinet would use its powers to remit in a proper case. Secondly, we have to recognize that the succession duty field is new to many and I am certain that this Act will be studied by those charged with the responsibility of carrying it out in all six provinces and will be under continuous review and hopefully they could come up with a better result than the one now suggested, but this is the best they've come up with and they recommend it.

MR. CHAIRMAN: (Balance of clause 1 was read and passed) (Clause 2 was read section by section and passed) Clause 3(a), (b)--passed; (c) . . . The Honourable Leader of the Opposition.

MR. SPIVAK: I think this is probably the appropriate time to talk in terms of a gift inter vivos made to a wife and the fact that this would now be considered as property of the deceased. Mr. Chairman, we had occasion before in the House to refer to this example. A person who in fact conformed with the Federal Estate Tax law, would have provided and could have provided for a transfer of assets from husband and wife or wife to a husband, which would have been a gift, which would have recognized, have had the legal effect of passing without any of the incidents of taxation and could have occurred within the three-year period and who as a result of passing because there had been no - will now have the effect of having the succession tax under this particular section. I think we pointed out the fact that why we should have retroactive legislation in this particular situation going back to January 1st which in fact taxes something that was legally done conforming to the Federal Tax Act and occurred within the last three year period. I assumed that from just the general remarks that the Minister had made that there was going to be some consideration given to this by the government and some recognition that this particular anomaly would be corrected, so that gifts that had been made in conformity with the Federal Tax laws prior to January 1st would not in fact be taxed and they would not put the position of the husband or wife in jeopardy because they now are being taxed under a law which is going back retroactively three years ago.

MR. CHERNIACK: Mr. Chairman, I recognize the point made by the honourable member. I have to tell him that the Federal Government would not countenance any change, all six provinces have the same, although the impact is different for a spouse in Manitoba, but in degree only because this goes to the tax base, and it was not acceptable. It is uniform in all provinces and will be applicable in all provinces to the same degree -- no, in the same way as it is here. I say there is a difference in degree.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, we have had a very ecumenical approach to the question of succession duties. I don't think it will continue for all the sections, but may I suggest to the Honourable Minister that there is nothing that suggests because the provinces do change and have changed the manner in which the retroactivity would occur, for him to have amended this particular section and to have suggested, except in the case of a gift between husband and wife, or between wife and husband, in which case it would only apply as of January 1st. What we are talking about, let's understand correctly, is legislation which is retroactive for an event that occurred three years ago, nevertheless the event that took place was legal at the time it took place and in fact was in conformity with the Federal Tax laws, and surely there should not be a provision in our Act which would say retroactively we are now going to tax something that occurred, which husband and wife have undertaken, which conformed with the law, which was part and parcel of total estate planning, which now has the incidence of taxation because of the new provisions in the Gift Tax Act and which in effect catches them in Manitoba in this particular situation. Surely if this is the case, a husband and wife who are in that kind of situation where assets have been transferred in order to avoid the incident of taxation have no alternative but to leave this province and I don't think that's the object of what this government is attempting to do. Surely at this particular time there has to be some unfairness recognized by the government for those people who legitimately put their estate in some order, recognizing that the Federal Government allowed under its income tax changes and estate tax changes, that husband and wife could transfer the gifts. Surely it's not too difficult to take the present section, without in any way interfering with the manner of administration of the Federal Government, and to exempt particularly those transactions between husband and wife that occurred under the old Federal Statute up until January 1st, surely that's not an unreasonable request,

(MR. SPIVAK cont'd) . . . . because the only alternative in that situation for the kind of action that's taken place will I think be the reality that they are not going to be able to live and die in Manitoba because of the action that's been taking place. If in fact they were to transfer the gift back because of new estate planning, they will be taxed under the Gift Tax Act. If in fact they are to remain and there are substantial holdings, the only result will be that they are going to have incidents of taxation for the next few years, so that provision to protect themselves, because I am sure in many cases they will be unable to purchase the kind of insurance to protect themselves, will be to take their residence right out of Manitoba and move to a jurisdiction where they will remain free from both the gift and estate tax provisions. And surely -- and I'm not sure that the government thought this out and it may very well be that there will have to be some consideration -- surely it's not unreasonable to provide something so that in the catchall of the retroactivity we are not catching those situations in which husbands and wives transferred assets as they were legally entitled to do without any incident of taxation under the Federal law.

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CHERNIACK:** Mr. Chairman, the honourable member did not quite hear me out on that I'm afraid. I said that this goes to the tax base and is uniform in all the six provinces. The Federal Government would not agree to a change in tax base, we have had certain changes permitted but not in tax base and the Federal Government insists that that be the case and it applies in all six provinces. The exemption that used to exist Federally no longer exists, that's why I said it's only a question of degree. You can no longer, in any of the six provinces, pass an unlimited amount of money to the spouse, and therefore because it is basic to all, and only different in degree of exemption, therefore they will not agree to a change in the base. But the honourable member speaks of the effect on people who did estate planning in the previous three years. No person can plan estates in the expectation that he knows what the law will be tomorrow and he plans on the basis of the laws knowing full well that it may well change and in changing will affect him, because he's planning for death not for life, because he plans for death and not knowing when death will occur he can only plan on the basis of what he knows exists and in the expectation that this may be reversed by future changes in tax law.

In the case described by the honourable member what the person loses is an anticipation or a hope but not an actual fact unless a man regrets that he did give something to his wife for tax avoidance when indeed he didn't want to give it to her for any other reason. But if indeed he wanted to give it to her, then she has it and she will continue to have it except to the extent that it is brought back. So that it is only an anticipation which is now frustrated and that happens as the honourable member knows as a lawyer, it happens very frequently in the practice of law that one makes plans in anticipation which may later be frustrated. That's what's happening in this case, there is no real hardship involved, there is only the question of losing in the anticipation of gaining.

**MR. CHAIRMAN:** The Honourable Leader of the Opposition.

**MR. SPIVAK:** Well you know I am really not prepared to accept what the Minister of Finance has said in this connection. Estate planning is estate planning, obviously it's tax avoidance. Everyone who plans the estate plans tax avoidance and the suggestion implicit in the remarks that the honourable minister made was that maybe there was something wrong in the intention or there was something further than the intention of providing security for husband and wife.

Now let me say this, Mr. Chairman, to you, for those who want to plan their estates in a way to avoid a succession duty that is being proposed by Manitoba -- and I want to make it clear to the members opposite who may not understand me -- for those who want to do the effective estate planning, because of the limitation of the constitutional jurisdiction which the province has, there is absolutely no way in which you are going to stop them from avoiding this Act and only those who are unwise will be taxed and only those who are ill-advised will be taxed in Manitoba. That I want to make clear. In a situation of a husband and wife in this particular situation who have, because they have planned their estate based on a degree of stability with respect to the Federal legislation, they are not in the position to accomplish the objective that I suggested that most people who are not in the position of the husband and wives who have either transferred one to the other, and are in a position to start afresh, they are in the position where their action has already taken place and the government retroactively is going back three years and saying if that was a gift between you you're taxed. They

(MR. SPIVAK cont'd) . . . . are in a different situation entirely, and for them the only alternative will be to move to British Columbia, to Alberta, or if the estate is under \$500,000 to move to Clearwater Bay and to live and reside in Clearwater Bay in Ontario and commute to Winnipeg or to move to another place in Ontario. And let me suggest to all the members opposite, that is exactly what they're going to do.

Now I don't think that that achieves any degree of social purpose on the part of the government. I suggest to you that in effect by doing this we in fact are penalizing and placing another burden on people who legitimately planned their affairs without any anticipation or knowledge that the Provincial Government would be entering this field, but now having entered this field are caught because of their circumstances and are not in a position to in effect set their affairs in order and because of the conditions that have occurred are now going to act accordingly.

The truth of the matter is that Ontario has an exemption between spouses of up to \$500,000 and that would cover a substantial amount of money for most people who are involved in this in Manitoba -- (Interjection) -- \$200,000 maybe but \$500,000 obviously would cover more. The truth of the matter is this, that other jurisdictions have provisions which vary from three years, and I think originally at one point B. C. was 15 years in its initial proposals, but of course now it is going out of the succession duty field, and as I believe other jurisdictions will be as well, and of course, we in Manitoba are going to find ourselves in the very happy position of taxing our people more and more and harder and harder and pushing them down more and more.

But having said this, may I suggest once again in a very reasonable way, and in a way which I think takes into consideration the reality of many estates that were planned on the assumption that the Federal tax would remain, that if in fact you are going to leave this provision for catching those families who have in fact transferred estates back and forth under the Estate Tax Act, which was legal at the time, by this three-year provision you are in effect basically telling to the people in Manitoba that, you know, you might as well get out for a couple of years, because if you get out for a couple of years you are going to protect yourself, because there's no way in which you are going to protect yourself from the reality that you are going to be paying in Manitoba, in the event of death and in the event of -- and most people who do this by the way, Mr. Chairman, are people who were older, people who were on in years and people who were ill and people who were in reality looking to their situation and were not as optimistic as many of the young people who are sitting on the other side. So therefore their actions will be -- and I know this from the people who have spoken to me -- their actions will be they are going to have to leave Manitoba.

And I may say, and I look at the First Minister when I say this, for many people this is a very sad situation. They condemn him, they condemn the Minister of Finance, they condemn all of you over there. There is nothing they can do about it because there is no way in which they are going to change you from your action, but they have to and will have to leave Manitoba because of this kind of action. -- (Interjection) -- I'm not talking about the person who has to put his estate in order. I'm talking about a person who has already put his estate in order and is now trapped because of this retroactive legislation. The Attorney-General of all people as a practicing solicitor should know better than to talk about legislation which in fact has a retroactive effect for three years for people who have acted legally, at the time for their actions, and if he as a lawyer can stand up and say "I agree that we should have legislation which goes back three years and tax people for things that they legally did, in full anticipation that the law would remain." If he thinks that's fair then I don't think very much of him as a lawyer frankly, and as one who as, you know, a member of the Bar and who has some understanding of the problems of retroactivity and the problem of the tyranny of the majority over the minority.

Now let me say this to you, Mr. Chairman. I have not attempted to try and build this up beyond the importance, beyond any -- or to create an issue in this House without any attempt to try and show the government the necessity of some reasonableness in this respect. I'm simply suggesting that the retroactive section with gifts should apply for three years back, for all gifts, but not for a husband and wife. In effect for a husband and wife it should apply as of January 1st and it should apply in recognition that the retroactivity covers a period of time when the husband and wife legally under the Federal Act were entitled to exchange assets and were legally entitled to handle and put their estate in order. I do not believe in any way the Federal Government would in any way object to an exemption being levelled at this point,

(MR. SPIVAK cont'd) . . . . or being added to in fact include this. I suggest that a government that is not particularly concerned about this is not particularly concerned in its relationship with people and frankly has no understanding what really again is happening out there but is more or less in a cloud and not dealing with reality of what is taking place in Manitoba.

MR. CHAIRMAN: The Honourable Minister for Inkster.

MR. GREEN Q. C. (Inkster): Mr. Chairman, I don't wish to make a speech at this point but I would like to ask the Honourable Member for River Heights, the Leader of the Opposition who of course doesn't have to answer any questions, but I want to pose them anyway because he indicated that the people who are wise, the people who are advised and the people who are informed are not going to pay this tax anyway. I believe that those were his words. Now I know that the Provincial Government was collecting approximately four million dollars, let's say three; if we take that across Canada we can multiply that by twenty times, that's 80 million dollars plus - that's only 75 percent of the tax so I assume that the 100 million dollars, 100 million dollars in estate taxes was collected from stupid, ignorant ill-advised people, because the fact is that there were places, there were places, there were places -- (Interjection) -- well the honourable member says that this tax is only going to be paid by ill-advised, ill-informed people, because if they wanted they could live in Clearwater Bay. And in previous years - if the Honourable Member for Birtle-Russell will listen for a moment - they could have lived in Thatcher's Paradise in Saskatchewan, or they could have lived in Manning's Paradise in the Province of Alberta, or they could have lived in the North Pole, or they could have lived in Hudson's Bay like the honourable member says in Clearwater Bay, they could have sort of lived on a ship in Hudson's Bay and established no residence at all. And he is saying that \$100 million that was paid into -- (Interjection) -- Well the Honourable Minister of Finance says much more so I'm not being fair to my own argument and I'll stick with a \$100 million.

Now, Mr. Chairman, these \$100 million that were paid to the Treasury represents only a small, I would say not more than 50 percent portion of the wealth that was left by these ignorant, ill-advised, ill-informed people. Mr. Chairman, I want to ask the honourable member because I find it difficult to believe, and I want him to go back to the estates over the last ten years in the Province of Manitoba and find out who was paying estate taxes, and he is telling us that the reason that they paid them - and some of the names will surprise honourable members on the other side, and some of them won't surprise honourable members on the other side - they are now being described by the Leader of the Opposition as ill-informed, ignorant, ill-advised people. Mr. Chairman, I find that hard to believe. And if what he says is correct then none of these people are going to be paying any taxes anyway, what are we fighting about? We're passing a bill that's not going to collect anything from anybody. Is that what the Leader of the Opposition is saying? Is that what happened in England when they put on the inheritance tax? Is that what happened in the United States, in all of the States of the United States? And federally where they have inheritance tax, that all of these people had the freedom to move to Alberta, to move to Saskatchewan, to move to the Bahamas, to move to the South Pole, to move to Spain, and really the millions and millions of dollars that the United States has collected in inheritance tax comes from stupid people like Rockefeller, like Vanderbilt, like Carnegie, all of these stupid people have put money into the United States treasury because they didn't go to a lawyer and have an estate plan? Now, Mr. Speaker, I find that incredible, and I really want to know whether the Honourable the Leader of the Opposition is telling us that the money that is paid in on this tax in the next years is going to be paid by ill-informed, ill-advised people, which is his proposition.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I'm sort of amazed at the ignorance shown by the Member for Inkster, and that's all I can classify it as. Let's just talk about what he said. You know up until a few years ago there was no jurisdiction in Canada that I know of that exempted the Federal Estate Tax -- (Interjection) -- just relax for a few moments, just relax for a few moments, okay? You know, I mean, let me finish my remarks and the Honourable Member for Inkster can jump up and down all he wants. You know, he makes a great point of sounding like the great legal oracle, which he isn't, and he starts to try and present, he starts now in trying to present his arguments as if, you know, he knows what he's talking about.

You know, Mr. Speaker, very few people that I know of ran to the Bahamas, except Mr. Fines who was the Provincial Treasurer of the CCF Government, very few people that I know

(MR. SPIVAK cont'd) . . . . of basically ran to the other jurisdictions to escape taxation. I must tell you, you know, that the people in Canada were prepared and have been prepared and have paid succession duty tax, and it was only until recently that there was a thought on the part of some jurisdictions to in fact pay back the portion that the provinces collected as a result of succession duty - and Alberta did - and I must suggest, Mr. Speaker, that in effect there would have been a number of people that would have been prepared and would have and did in fact move their estates to Alberta, but along with that the Federal Government made a provision which was the most progressive provision, which recognized the husband and wife as one economic unit and which said that the transfer between husband and wife legitimately - because the husband and wife were one economic unit - legitimately should not be taxed but the tax should take place on the death of the other spouse as it passed to children. That was the progressive feature of the federal tax which I believe was responsible for a number of estates remaining in Canada. Now it's pretty obvious that there were other people who were quite prepared and who had substantial estates that were able to provide tax avoidance, and we know that there are certain people who in fact live in the Bahamas. We know K. C. Irving of New Brunswick is not in New Brunswick any more, we know he's down there and we know that he has avoided, you know, the incidence of taxation. But let's look at the reality of what we have in Canada today. Let's look at the reality. The reality in Canada is that there are some jurisdictions who are taxing and some who are not. There is freedom in Canada -- (Interjection) -- one, one who is not taxing. Alberta's not taxing, B. C. 's not going to tax -- (Interjection) -- Well, you don't know. Well the Premier says that he's going to remove it and I would ask the Honourable Member from Rhineland to confirm this, but I would suspect

MR. CHAIRMAN: Order, please. One member at a time. Order!

MR. SPIVAK: I would suspect, Mr. Chairman, that when the Premier of B. C. says that he's going to remove it - and he's going to remove it this year in the likelihood of a provincial election - I bet you he'll remove it. -- (Interjection) -- Yes. Well there will be an election first, well we'll see, but I suggest that he's probably going to remove it. I think he's probably going to remove it. Okay, so we have two jurisdictions. We have the announcement by Quebec that they're going to get out of it.

And I must tell you, Mr. Chairman, in spite of all the remarks that the Honourable First Minister and the Minister of Finance may make about Ontario, I've had occasion to spend time with the Minister of Finance in Ontario and I'm satisfied that his budget address, which was the last statement, reflects what his intentions are and I'm also satisfied that they will be vacating this field as the capital gain income matures. That's what he said specifically in his -- (Interjection) -- well, as he specifically said in his speech, I suspect it will occur. I also recognize that his exemptions and the exemptions they're providing are 500,000 and not 200,000 as the Province of Manitoba or the NDP Government in Manitoba intends.

Now let's be realistic. Up until just a few years ago estate taxes were paid on the federal level by everyone. Okay? There were no jurisdictions that were exempt except outside of Manitoba, and there were people that in fact planned their estates outside of the other jurisdictions. Only recently, and only recently, Saskatchewan and Alberta made provisions, but along with this was the recognition by the Federal Government that the spouses could in fact give their gifts inter vivos and thus avoid the incidence of taxation and the taxation would apply upon death of both spouses when it was transferred to children or to other beneficiaries. That was the progressive measure and that accounted for the fact that people did not in any way have to feel, you know, that they were in any way doing anything by their action or depriving the estate of a rightful portion of the amount of their earnings. People want to avoid taxation if they can and anyone who's practised law knows that in the -- the Minister of Finance knows that when people come in they come in to try and work out the best arrangement for avoidance of taxation and there's nothing wrong with it. That's the way the law is set up for and God knows accountants and lawyers have been practising like this for years.

But having said that, what do we have as far as our situation now? In this particular section the province is saying to those husbands and wives who legally did the things that they were entitled to do within the last three years, we retroactively now are going to tax you if you die within the next three years. I suggest that that's unfair and I suggest that it's on the conscience of the people opposite as to this particular section, and if you're not prepared to change it, then you're not prepared to change it but basically what you're saying to those people is get out of Manitoba. And why do they have to get out of Manitoba, because in most cases

(MR. SPIVAK cont'd) . . . . this will occur upon older people who are not going to be in a position to be able to insure and plan the circumstances for death; they are going to occur in relation to people who are not going to be able to pay the significant gift tax that will be chargeable upon transfers because values changed in the last three years and valuation day has come in in the interval in terms of establishing a value, so that we have now a formula within which valuation can occur, and on that basis I suggest to the honourable members opposite first, by your retroactive legislation you are essentially taking your authority and doing something which should always be regarded seriously by anyone who acts as government that you should make a law which goes back and says this is the way it should have been, because in effect by doing this you are using and in a sense abusing your authority even though retroactive legislation has been announced before.

In tax legislation normally we have an announcement effect by the Minister of Finance who announces what the tax law is and much of the legislation will come further and it will go back retroactively to at least the date of announcement, and that retroactive legislation is understood because it's retroactive to the time that the announcement was made. But what you're doing here is you're going to retroactive back three years before and you are saying to the people who in fact handle their affairs in a proper manner, we are now going to tax, and I am suggesting you are abusing your authority in that respect. And secondly, what you're also doing is saying to those people who put themselves in a legal position and handle their affairs correctly under the law that now you are going to be caught in this web of taxation and now you are going to have to pay tax. I suggest to all the members opposite, they're not in the same position as others to be able to avoid taxation in the same way; their alternative will be to move, and they will.

To those people who remain in business here who are now concerned about putting their affairs in order, let me again suggest to the Honourable Member for Inkster, there is absolutely no way properly advised that anybody will be taxed by this Act. The tax that you're going to catch are the people who are ignorant of tax laws, who are badly advised, who come into a succession without recognizing that they are caught in the incident taxation and they are going to be the kind of people that you should have been protecting right from the very beginning.

. . . . continued on next page.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. GREEN: Mr. Chairman, I believe the honourable member got up and started his remarks by suggesting that I was ignorant and I listened because when I'm referred to as being ignorant I want to know what it was I said that was ignorant.

Mr. Speaker, I said that the taxation laws where succession duties have been levied have resulted in people paying estate taxes. That is correct. And the fact is that for several years we've had two so-called tax havens - Saskatchewan and Alberta - and in spite of the fact that there were two so-called tax havens people stayed in other parts of the country and paid their taxes. The fact is that Canada is a country like the other countries are a province and people stayed in Canada and paid their taxes. Maybe what the honourable member is saying, because he would know better than anybody else, he hasn't referred to us, we know that many people died here and estates paid taxes, and what he must be doing is talking about somebody he knows of. Mr. Speaker, maybe he's referring to himself. Maybe he's saying that if this tax legislation is passed that he's going to leave Manitoba. In which case I say, Mr. Speaker, let's pass it right quick.

MR. MACKLING: I wonder if the honourable member who has just spoken will answer a question? I wonder if the Honourable Member for Inkster would care to speculate on why the great Canadian K. C. Irving rather than going to the Bahamas didn't go to Alberta?

MR. GREEN: Mr. Speaker, the fact is that when K. C. Irving went to the Bahamas he did not carry with him his acreage, he did not carry with him his real property, he did not carry with him the capacity of the people of New Brunswick to earn wealth, that stayed there. Whatever he took with him, he could not avoid the fact that there was going to be a tax on K. C. Irving's property. That has happened not in Nova Scotia, it has happened all over the world; and despite what my honourable friend tries to do, it is impossible for the wealthy people in Manitoba to leave and carry away Manitoba's wealth. Manitoba's wealth consists of two things; One, its natural resources; and secondly, the capacity of labour being put to those natural resources to create wealth. Nobody can take that away from us and nobody's going to scare me into thinking that we're going to lose that if the Honourable Leader of the Opposition leaves Manitoba.

MR. CHAIRMAN: The Honourable House Leader.

MR. PAULLEY: Mr. Chairman, it seems that this argument could go on day after day after day with interjections and questions and the likes of that. I think maybe it would be advisable at this time for me to move that you, Mr. Chairman, rise and that the Committee report to the House.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Mr. Speaker, the Committee of the Whole House has considered Bill No. 17 without amendment and directs me to report the same and ask leave to sit again.

MR. CHAIRMAN: Order, please. The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for St. George that the report of the committee be received.

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

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Minister of Agriculture, that Bill 17, An Act to Amend the Income Tax Act (Manitoba) be now read a third time and passed.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Rhineland.

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

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, may I refer my honourable friend to the rules of the House that on coming out of a Committee of the Whole the proposition is placed without debate and therefore the motion of the Honourable Member for Rhineland is out of order.

MR. SPEAKER: The procedure is correct. The motion is agreed to be adopted?

MR. PAULLEY: No not from Committee of the Whole House.

MR. SPEAKER: In my opinion the motion has been passed.

A MEMBER: Ayes and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members. Order, please. Motion before the House is adoption of third reading of Bill 17.

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

YEAS: Messrs. Adam, Barrow, Beard, Borowski, Boyce, Cherniack, Doern, Evans, Gottfried, Green, Hanuschak, Jenkins, Johannson, McBryde, Mackling, Malinowski, Miller, Paulley, Petursson, Schreyer, Shafransky, Turnbull, Uskiw, Uruski, Walding.

NAYS: Messrs. Bilton, Blake, Einarson, Enns, Ferguson, Froese, Girard, Graham, Henderson, G. Johnston, F. Johnston, McGill, McGregor, McKellar, McKenzie, Patrick, Sherman, Spivak, Watt.

MR. CLERK: Yeas: 25; Nays: 19.

MR. SPEAKER: In my opinion the Yeas have it, I declare the motion carried. The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Finance, the House do now adjourn until 2:30 tomorrow afternoon.

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