

THE LEGISLATIVE ASSEMBLY OF MANITOBA
10:00 o'clock, Wednesday, June 21, 1972

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling or Reports; Notices of Motion; Introduction of Bills. The Honourable Minister of Health and Social Development.

INTRODUCTION OF BILLS

HON. RENE E. TOUPIN (Minister of Health and Social Development)(Springfield) on behalf of the Honourable Minister of Highways, introduced Bill No. 99, an Act to amend The Taxicab Act. (Recommended to the House by His Honour the Lieutenant-Governor)

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for Portage la Prairie.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I address my question to the Honourable the Minister of Industry and Commerce. It relates to the layoffs at Western Flyer Coach. Is it not a fact that the reason for the shortage of transmissions to the company relates to the bidding policies of this government with respect to the purchases of buses?

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

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): No, Mr. Speaker. First let me get the title of the firm correct. It's not Western Flyer Coach. The proper name is Flyer Industries Limited and the name was changed some time ago. I know all of us make that error but I'd like to get it on the record. The reason for the difficulties in obtaining parts for the urban transit buses, it has nothing to do with the school buses, it's with urban transit buses, and the problem of obtaining transmissions is because the source of supply happens to have changed their plant and in their new plant they are having quality difficulties. Now Mr. Ault has been in communication with the Chairman of the Board of that company making a personal plea to him to give us every consideration in supplying parts as soon as possible. So I think we've done everything we possibly can to obtain the needed transmissions.

MR. G. JOHNSTON: Could the Minister inform us if there are any other companies in North America who can supply the same equipment, namely the transmission for this particular bus?

MR. EVANS: Well I don't know whether I heard the entire question. I gathered the question was whether there were any other sources of supply. Well the other, apparently one alternative source of supply is General Motors but in this country unfortunately because the Federal Government refuses to implement proper anti-trust legislation and take a proper anti-trust attitude, as far as I can understand, because of this General Motors will refuse and does refuse to sell parts to its competitors. This is not the case in the United States where the Federal Government of the U. S. forces General Motors to sell parts to competitors because they do believe in an element of competition. Unfortunately GM can get away with it in this country.

MR. G. JOHNSTON: A supplementary question, Mr. Speaker. In view of the problem that the Minister has just now pointed out, has he made representation to the Federal Government for the corrective action necessary?

MR. EVANS: Well, Mr. Speaker, I have not made representations to the Federal Government on this specific matter but it's a point that deserves considerable attention. I think it's a meritorious suggestion. I would also add though that there may be the possibility that this will come about. I hope it will.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I'd like to address a question to the Honourable the Minister of Health. The study, the report of the Advisory Committee on Central Drug Purchasing and Distribution I think it's referred to as the Class Report, makes mention of studies that are separate studies on the costs and alternative distribution schemes undertaken by Manitoba Institute of Management. Could he make these studies available to honourable members?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: I'll take the recommendation under advisement, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, my question is to the Minister of Industry and Commerce. Has there been a feasibility study to enlarging or expanding the Motor Coach Industries, or Flyer Coach Industries to Transcona instead of expanding Morris and Fort Garry?

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

MR. EVANS: If I heard the question properly, I was asked whether a feasibility study had been done with respect to the current expansion plans. Well I would, you know, Mr. Speaker, the honourable members are asking me very technical questions that deal with the management practices, etc., of the company. I would hope and believe that any decision, and any major investment decision, is based upon study by the company and if necessary with the use of consultants. So I would say yes, any decision has to be based upon careful examination of all the factors.

MR. PATRICK: A supplementary. In view of the fact that the government owns such a large percentage of the company, would the Minister be prepared to table the feasibility studies in the House?

MR. EVANS: Mr. Speaker, I don't think that that follows at all. You know I think that the fact is that you have a management of the company and there are many many factors involved that they consider and they have all kinds of documents. I don't know if there's one feasibility study, in fact I don't think there probably is one single feasibility study. Let me remind the members that American Motors General with which Flyer Industries Limited now has a firm agreement had between 30 and 40 highly paid engineers in Winnipeg for several months at the cost of American Motors General. It involved American Motors General in the expenditure of hundreds of thousands of dollars and this was technical input on design and plant layout by that company. Now that may not constitute a feasibility study in the honourable member's mind but in my opinion it shows responsible management.

MR. SPEAKER: Order. Order, please. The Honourable Minister is debating the point.

MR. PATRICK: A supplementary. Would the Minister table any of the studies that, you know, said that they should proceed with the expansion in Transcona instead of expanding the other two plants.

MR. SPEAKER: Orders of the Day. The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): My question is to the Minister of Health. Has the annual grant been made available to Mount Carmel Clinic this year as yet?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: Not yet, Mr. Speaker.

MR. BEARD: Well since the clinic is in need of funds, will it be made available very shortly?

MR. TOUPIN: Yes, hopefully, very shortly, Mr. Speaker.

MR. SPEAKER: Orders of the Day. The Honourable Member for Assiniboia.

MR. PATRICK: I have a question for the Minister of Universities and Colleges. Has the Minister had a request from any of the community colleges in Manitoba, particularly the Red River Community College, for courses to be instituted in plastic products?

MR. SPEAKER: The Honourable Minister.

HON. SAUL A. MILLER (Minister of Colleges and Universities) (Seven Oaks): No, Mr. Speaker, there has been no direct request for these courses but I know that some discussions have been taking place and there's a possibility something in that line might occur.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Another question to the Minister of Health. Has the report of the Advisory Committee on Central Drug Purchasing and Distribution been officially tabled in the House and would he make copies available of the report to honourable members?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: Mr. Speaker, the report of the Drug Advisory Committee chaired by Dr. Class was tabled by my colleague, the Minister of Colleges and Universities, and copies are available.

ORDERS OF THE DAY

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance) (St. Johns): Mr. Speaker, I beg 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 of the Whole to consider the following bills: No. 5, No. 6, No. 55.

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 House with the Honourable Member for Logan in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: Bill No. 5, Clause 3(c)--passed . . . The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): Mr. Chairman, I really have no intention of repeating the arguments from before but again before we finally are asked to pass this particular item, again plead on the basis of reasonableness and equity for the retroactivity section to be altered and not to apply, not to apply to those situations in which the individuals acting according to the federal law that was changed have in fact caused transfers between husband and wife because of the federal law recognizing the husband and wife and the spouses as one economic unit. And I wonder whether in the interval of the period of time before we last discussed this in Committee, the government would have examined this and realized the inequitable position they are putting a number of people as a result of causing retroactive legislation to in fact tax people who have legally acted according to the law of the land at the time.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I'll try to reply this one time and expect that that should be the end of this portion of the debate. Of course I can't control that. Mr. Chairman, I am not aware that any of the nine provinces which are in the succession duty field today are giving a clear and complete exemption of interspousal transfers in accordance with the law which existed up to December 31st, 1971, and that in all cases there is no complete exemption, and in all cases I believe there is a retroactive feature, but I said I believe. What I'm certain of, and I already explained it to the Honourable Leader of the Opposition the six provinces entering into this agreement are bound to certain uniformity requirements of the Federal Government and since this we are dealing with goes to the tax base itself, we cannot unilaterally make any change.

The only additional comment I would make is that all transfers of that nature which were made prior to January 1st of this year were made in accordance with the law of the time. There is no criticism of their having been made but there was never any guarantee that laws would not change that would affect what I called the other day, hopes and anticipations. And if those are frustrated then that is part of what is happening every time we pass a law in this jurisdiction or any other.

MR. CHAIRMAN: The Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, for a government that shows such leadership in being able to apply succession duty to charitable donations and is prepared to move ahead in new directions, it would seem to me that it would be very easy for the government not to hide behind the cloak which is exactly what the Minister of Finance is doing, hiding behind the cloak of the fact that there was an agreement which said that as a result of the federal participation in collecting succession duties for the next period of time the tax base would in fact be -- should not be altered.

I want to suggest, Mr. Chairman, to the Minister of Finance that his argument is absolute hogwash. He knows that. Any practicing solicitor would know that; anyone who has had any dealings with respect to tax law knows that, and if he wants to create the facade that for some reason or other it's because of the other jurisdictions, then it just simply doesn't wash. What he is basically saying, and what I am suggesting through you, Mr. Chairman, to the government, is basically saying is that once certain examples are brought forward to them which show that maybe the original judgment in certain situations was not entirely correct, you're not man enough to admit that there's been an error in judgment, and you're not man enough to admit, you're not man enough, Mr. Speaker, to correct it. For a practicing

(MR. SPIVAK cont'd) solicitor and barrister to be able to stand up in this House and say I agree for retroactive legislation to go back beyond the announcement day of taxation, and to in fact catch, basically catch those people who have acted according to the federal law correctly, I think is not a credit to a person who has practised in this province and who believes in the rule of law and in the ability of the legislator and governments to in fact act in equity and in a humane way.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNLACK: As of 18 minutes after ten on this morning I'm rather pleased that so far I have succeeded in not rising to debate to get into a personal vindictive discussion with the Leader of the Opposition. I will therefore do him the benefit and the courtesy, which he does not deserve, of ignoring all that he has said of a personal nature. Since that's all that he has said, I don't intend to continue this discussion with him.

MR. CHAIRMAN: Order, ORDER. If the Honourable Member for Sturgeon Creek wishes to be recognized, stand up on your feet.

The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I think there is some validity to what the Leader of the Opposition has said as to previous arrangements between husband and wife and certainly by bringing in this legislation that this means that there will be a lot of changes that will have to be made in wills by many many people in this province. And that as a result certain hardships will occur. The other night when we discussed this particular bill, the Member for Inkster got into the discussion and more or less said that well even if -- I don't think he said that the people weren't moving out, but he left the impression that the assets would not . . . move out and that there would be no change. Well certainly as far as assets are concerned, land and buildings and so on, it's captive, they're captive assets, under this legislation. And it can never be moved, whereas people can move out but the assets will remain here. This I agree, but when it comes to further investment, new investment, this is a different proposition and I think the Member for Inkster should certainly take note of that because I definitely feel that when we have other provinces who do not go in for this type of legislation who will be, and those that have probably gone into it will abandon it, and B.C. has certainly given indication that they're going to discontinue, that they're going to repeal the legislation, that these provinces offer certainly a big attraction to people of wealth, and therefore this means that investment will be drawn to those provinces. I feel that while we can say that the assets won't be removed, sure enough they're captive. We're making them captive through this legislation, but that certainly doesn't mean that the legislation's right, that the legislation is good, and that we should impose it on the people of this province.

Mind you the exemptions are better, I don't dispute that, but at the same time I feel that by not putting in the legislation, the exemptions are much larger because then you have no limitations. And when I take a look at the budget of the Province of British Columbia as to their receipts that they intend to get from the legislation of Succession and Gift Duties, they have listed here for the fiscal year 1970, \$22,721,000.00. For 1973 it's a lesser amount of \$21 million. And whereas ours is probably around between 4 and 5 million, so that we're speaking of a very much smaller amount than what British Columbia is. It's only about 25 percent of what their revenue that they're foregoing, and by repealing that legislation in British Columbia. So surely enough if that province can afford to repeal legislation that would give them revenue of \$21 million, we should be able to afford to repeal, or not to impose this legislation which would probably give us between 4 and 5 million.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: It seemed to me that the Member for Rhineland was winding up his speech, which I think was out of order because it was not dealing with this subsection. I did not want to interrupt him because I had the impression, I was right, that he was coming to a conclusion but I do want to indicate that I do propose to learn from the previous debate we had on the previous bill to ask you, Mr. Chairman, to call members to order when they depart.

On this specific item I want to remind the Member for Rhineland that nine out of ten provinces have a retroactive feature such as is in this very section, and some of them have a period of greater than three years, I believe up to 15 years of retroactivity bringing gifts back into the estate on death. And at this stage we are in line, and I've said we are in line, and are required to be in line with the other five provinces entering into the same agreement. But those provinces that are not part of the agreement also have this kind of feature if not for a longer period of time.

MR. CHAIRMAN: Clause 3 (c)--Passed. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I do have a question to the Minister of Finance. I understand that just last week that the Maritime Premiers have met and indicated, and said so publicly, that they will be withdrawing from the Gift and Estate or Succession Duty Tax legislation if Ontario does the same. And they said there's no way that they can have Succession Duties and Gift Tax if Ontario, and Ontario has announced, the Premier of Ontario has announced that he will be withdrawing. And the same thing has happened in British Columbia. So it appears to me that we may have only two provinces left with this legislation, Manitoba and Saskatchewan. And if this happens to create a situation where the economic climate may not be favourable for this province, I wonder if the Minister would then give consideration to removing this legislation. I know that he has stated in the House that man and wife own everything, and can own everything, and I mentioned to him the other day, that I believe the Chairman of the Manitoba Action Committee on the Status of Women, June Menzies . . .

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: To be consistent with what I said a moment ago, I would like to draw to your attention the fact that we are dealing with Item 3 (c), and I don't know whether the Member for Assiniboia is speaking to Item 3 (c). I do want to answer the point that he is making but I'm afraid that he is out of order and I will be too at this stage. Now I'm quite willing that he make his point, and I give the answer, but then do we come back to it again and again and again. But I do want to respond.

MR. CHAIRMAN: The Honourable Member for Assiniboia to the Clause under consideration.

MR. PATRICK: Well the point that I was getting to, Mr. Chairman, is what has been stated by I believe some authority as far as this legislation is concerned in respect to assets owned by man and wife and the information that has come to all members of the House, and it has been pointed out in the brief to the members, that the Finance Minister was in fact misleading the people when he was saying that the husband and wife equally own all the assets or property that's owned by the husband. I believe this is what the Minister has said and it was June Menzies who stated the Minister of Finance is misleading the people of Manitoba by stating that wife and husband can own everything jointly by division of property without paying a tax during their marriage time. So this is the point that I'm raising to the Minister of Finance, and we hope that he would be able to explain the question that was raised by the Chairman of the Manitoba Action Committee on the Status of Women.

MR. CHERNIACK: The honourable member is quoting somebody as saying that I misled somebody in saying something. And all of that is very confusing to me. What I have said previously is that by a proper estate planning mechanism and by a recognition of the role of the spouse in the accumulation of wealth of the married couple that that recognition should take place in the lifetime of the two and not wait for one to die. And therefore I did say that there were gifting procedures whereby this could be accomplished. Now 3 (c) deals with what has become standard -- do I have to say it again? -- in nine provinces out of ten to provide that gifts made in the three years preceding death are taken back into the estate for calculation purposes. The gifts are not cancelled. The recognition of the role of the spouse, or anyone else, who is the recipient of a gift is not cancelled in any way but in the calculation of the tax payable following the decease of the donor of the gift, then the value of the gift is taken back into the base and therefore is done.

The member also has departed somewhat from 3 (c) but I'll still stick to this portion and relate my answers specifically to 3 (c) by saying, that it must be obvious to all people that in the event that in the event that the, say the four Maritime Provinces want to change the agreement that we are about to enter into, and which they have already approved of, and we are about to approve of, that in the event that they want to change there will be a good deal of discussion about it. We will know about it, and we will certainly reassess our position because it has never been our desire not to be competitive with, and not to be on some sort of level with other provinces. When I say some sort, I say recognizing the total tax picture, the total impact, and the total burden, and therefore we will be continuing to study the impact of the legislation. Before anybody else raises it, the Committee will continue, it will be discussing proposed changes, changes already made, and attempts to improve. And that's the very reason I believe that in Ontario they have set up a commission to study their legislation, and I want to repeat that nowhere have I seen any undertaking clear-cut that by a certain time they

(MR. CHERNIACK cont'd) will eliminate taxation. What I have seen, and what I welcome, is a study being made in Ontario on the whole field and that study no doubt will be of value to all of us in Canada in order to reassess our position as we go along.

So to the extent that anybody makes any changes we will be well aware of them, we will watch them, we will study their impact and we will always reconsider our own legislation. I hope to that extent I have answered the honourable member.

MR. CHAIRMAN: Clause 3 (c)--Passed. The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Yeas and Nays please on 3 (c).

MR. CHAIRMAN: Call in the Members.

The motion before the House under Bill 5, Clause 3 (c).

A COUNTED VOTE was taken the result being as follows:

YEAS, 25; NAYS, 17.

MR. CHAIRMAN: I declare the motion carried.

(Clause 3 subsections (d) to (i) of Bill 5 were read section by section (d) and passed)

The Honourable Minister of Finance, I believe . . .

MR. CHERNIACK: I've just been looking for my copy. Mr. Chairman, I move that Clause (i) of Section 3 of Bill 5 be amended by striking out the words "or held" in the third line thereof.

MR. CHAIRMAN: Clause (i) as amended--passed. Clause (j) . . .

MR. SPIVAK: I wonder if the Minister of Finance can indicate, is this one of the representations that were made by the Bar Association . . . ? (Yeah)

MR. CHAIRMAN: (The remainder of Clause 3 of Bill 5 was read section by section and passed) (Clause 4 subsections (1)(a) to 4(3) were read section by section and passed)

The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I wonder if the Minister would explain 4(3), Covenanted Consideration.

MR. CHERNIACK: Mr. Chairman, I was asked to explain this. It's one of those highly technical matters and I see that the honourable member was not present at Committee, the informal committee where we discussed these matters in detail, and I admit to having some difficulty in recollecting all the technical arguments. However, this subsection relates to 3 (i) which deals with the actual transfer of property under an agreement made by the deceased. And apparently what 4 (3) does is to explain that the undertaking to make the transfer in itself is not the money's worth, it is 3 (i) where the actual transfer is made and the agreement is bound, that is part of the base of the estate. But the mere covenant is not considered as money's worth, covenant is the undertaking. That alone is not part of the estate, and is not taxable then as a covenant, although under 3 (i) the property that is transferred or acquired as a result of the agreement, that would become taxable.

MR. CHAIRMAN: (Clauses 4 (3) to 12 (2) of Bill 5 with corrections were read section by section and passed) 13 (1) . . .

The Honourable Leader of the Opposition.

MR. SPIVAK: I think the Minister of Finance will agree that this section is the section that we should be dealing with and that we might as well deal with it under number (1) with respect to the question of the exemption to be provided to beneficiaries by the province and contained therein would be the 200,000 exemption as well. It's number (3) but I think we might as well discuss it at the same time because -- (Interjection) -- yeah 13 (3) but I would assume that it would be just as wise to discuss it under 13 (1) and to have a general discussion with respect to what the province is doing.

Now, Mr. Chairman, let's analyze exactly what . . .

MR. CHERNIACK: Mr. Chairman, I'm wondering on a point of order, I'm wondering whether we couldn't deal with each subsection and then deal with the general principle that the Honourable Leader of the Opposition wants to debate when you would come to saying 13 passed. Wouldn't that be the time to debate the principle?

MR. SPIVAK: The reason I would disagree with that, Mr. Chairman, would be because part of what is contained in these sections comes as a result of the agreements and the discussion that has taken place among those co-operating provinces who are in fact introducing a Succession Duty Act. And I think it's necessary before we begin to discuss the specifics to understand what really is taking place. Because in the poker game that has been played in Canada with respect to succession duty and to the development of an investment climate to be

(MR. SPIVAK cont'd) able to hold capital from leaving the provinces that do in fact, or are in fact, going to be introducing a succession duty to those provinces who will not, Manitoba has not fared so well. Because regardless of what the original intentions were on the part of the co-operating provinces months ago when they first announced that they had jointly agreed on a formula, we have found a number of things that have changed. We have found the raising of the exemption in the Maritimes to \$500,000.00. We have found as well that Quebec had indicated it will be leaving the succession duty field. We find as well the announcement by the Premier of the province, that British Columbia will be leaving the succession duty field. We find in the announcement of the Minister of Finance, or the Provincial Treasurer at least in Ontario, that the exemptions will be 500,000 and the 150 or 200,000 that are contained within the sections that we have herein.

And we now face a very simple situation. Manitoba is prepared to be the highest succession duty and gift tax province in the country. Manitoba is prepared to be the highest personal income tax province in the country. Manitoba is prepared to be the highest corporate tax province in the country. And the government over there really believes that private capital is going to accumulate in this province and investment's going to take place in the private sector.

Now maybe the members on the opposite side were not fortunate enough to read the Chamber of Commerce brief presented to the Premier yesterday. But the interesting -- and if you're reading it now I think it would do you well to read it, because the interesting thing about that brief is that they have blown apart the claim by the government that the investment intentions for this province indicate such a great growth, because what they have done is indicated that if you take away the public portion of the investment intentions, and in turn if you take away the Crown corporation and the work of the Manitoba Development Corporation, particularly in Flyer Industries and Saunders Aircraft, away from what is referred to as the private sector, you realistically find that not very much is happening in this province.

Now, Mr. Chairman, at one point the government isn't going to be able to find the money to continually prime the pump in Manitoba to provide the job opportunities in this province. And if anyone believes that we can continue to remain in an uncompetitive position with the other provinces and continually hold people, hold capital in this province, you're sadly mistaken. The net effect of this will not probably be felt for some time but it will be on your shoulders in years to come -- (Interjection) -- oh yes, when the situation develops where the economy of the province is incapable of being pumped up by public monies because public monies are not going to be available because the economy will have not moved to provide the tax base and the resources for government to be able to do the things that are required. And if I really thought there was some competence on the part of the members opposite in handling Crown corporations, and there was some ability on their part to be able to generate profit, generate profit from their situation, I would suggest that there may be a chance. But one has to examine King Choy, Saunders, Flyer Industries, the new projects that they now are managing to recognize, to recognize the inability of the . . .

MR. CHAIRMAN: Order, please. The Honourable Leader of the Opposition is starting to stray away from the section of the bill that we're discussing. I'd refer him to our House rule 64 (2) to be relevant and to the point of the topic that is under discussion. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, the relevance is very important. This section and this Act brings in an additional incident of taxation which has a punitive effect which will affect the investment climate in this province. You know the Chamber of Commerce have said it, and of course as soon as anyone objects to any of the government programs, or as soon as anyone criticizes the government programs, already they're the enemy. Everybody's the enemy, only those who praise the government are not the enemy, and they're very few today, and they're very few. The truth of the matter is, Mr. Chairman, the provinces in Canada have changed from the original arrangements that were made at the time the Minister of Finance negotiated with respect to succession duty and they changed because they realized that if they maintained a position with one province being capable of offering a jurisdiction that would be essentially tax free as far as succession duty that there would be a movement of capital and people from their area. And so long as Alberta was prepared to do it the other provinces had to make the adjustment. And so you have the Maritimes adjusting, raising the exemptions to 500,000; you have B.C. now going out of this field; you have Ontario indicating and providing a 500,000

(MR. SPIVAK cont'd) exemption insofar as its base, and indicating in its Budget Address the fact that they will be leaving the succession duty field as the capital gains income matures.

Now there's no way that I can suggest that we are going to have a change on the part of the government because anyone who criticizes the government is obviously wrong and they are obviously right. And as I've indicated before, and the Member for Inkster is not present, there is no difficulty for those people who want to make provision to be able to avoid this situation. For many they are going to be able to develop the kind of new techniques with respect to their corporate and personal setups, and they are going to be able to avoid the incidence of taxation in this bill. For others who have situations that are more complex there is going to be a very easy way, and that easy way will be simply to move and leave.

Now, Mr. Chairman, I am aware of the fact that one of the main financial institutions in this province has visited with members of the Department of Industry and Commerce, and there were representatives of the Manitoba Development Corporation present, and they have indicated and cited chapter and verse of capital and money that has left this province in the last period of time. I'm aware as well that the civil servants said, said to the representatives of the national institution that there's nothing we can do about this because the politicians who we work under basically say that they don't care, and they don't understand the situation, and you might as well forget about it. I'm aware

HON. RUSSELL DOERN (Minister of Public Works) (Elmwood): On a point of order.

MR. CHAIRMAN: The Honourable Minister of Public Works.

MR. DOERN: I believe that in clause by clause examination the terms of reference, or the parameters of debate should be narrow and I think the Leader of the Opposition is certainly taking full advantage of expanding beyond the bounds of 13 (1), etc. He's simply making a speech that he could make at any time in a general budget debate, and he's not relating this to 13 (1).

MR. CHAIRMAN: I thank the Honourable Minister. I was just going to draw to the attention of the Honourable House Leader 13 (1) please.

MR. SPIVAK: Mr. Chairman, I am aware, Mr. Chairman, that the financial institution who dealt with the departmental people indicated to them that one of the problems was the degree of taxation contained in the proposed Succession Duty Act. I'm aware as well that they indicated that people have acted very quickly in moving capital, and I suggest that that flow of capital out of this province will continue more rapidly once we have passed this section and the bill itself is passed. And it's for this reason that I want to talk about it. I'm aware as a matter of fact, you know, that it was either at a Kiwanis or Kinsmen meeting recently where one gentleman stood up and he announced the millions of dollars that have been transferred by this person, by that person, and by the other person

MR. CHAIRMAN: Order, please. Would the Honourable Leader of the Opposition refer to the section under discussion.

MR. SPIVAK: I am referring to the section. I am talking about people who at that time had transferred money to another jurisdiction which was not exempt but had a higher -- which did not have -- which was not free of succession duty but in fact was providing a Succession Duty Act but which have an exemption which was higher than the \$150,000 that we are proposing in this particular section. And so I'm suggesting, Mr. Chairman, through you, that it is, you know, just putting your head in the sand not to believe that the net effect of Manitoba being put into a position of being the highest succession duty province in the country, Succession Duty Act province in the country. It's just putting your head in the sand not to believe that people are going to put their affairs in order and are going to transfer money from this province. And the First Minister and the others -- I've heard the arguments before -- say, let them go. And they will. For one thing we have in Canada is freedom and there is no way in which they're going to be able to lock them into this province, so they will go. And what we will lose is in money, investment and entrepreneurship and management. And we're going to lose this, we're going to lose this, where? We're going to lose this to those provinces

MR. CHAIRMAN: Order, please.

MR. SPIVAK: I wonder if Barney from the Flintstones could just sort of hold his tongue. I'm sure that he'll be able to talk in the debate later on.

You know, Mr. Chairman, the people are going to move to other jurisdictions; they are not necessarily going to move to tax free jurisdictions. They are going to move to jurisdictions

(MR. SPIVAK cont'd) such as Ontario where in fact they will ultimately maybe be paying tax but the exemptions themselves are higher. They may move to the Maritimes where the exemptions are higher, and surely, surely, I must tell the Honourable Minister of Public Works for years there were lawyers in this country who in fact set up estate planning and provided the ability for people who were in the know and had the capability to set up estate planning outside of Canada through the Bahamas. The situation that now exists in Canada because of the ability of one province not to be able to provide an estate tax and now, too, is the fact that nobody has to now provide for estate planning outside of Canada. The estate planning is going to be inside of Canada, and it will not be Barbados -- it never was -- but it will not be Barbados or the Bahamas, it is going to be Alberta and it will be B.C. And when Ontario goes out, it will be Ontario for those people who have to provide or want to provide for over, higher than a 500,000 exemption. And they're going to do it and anybody over there that thinks that they're not, is foolish. I don't believe that we can change the people on the other side, Mr. Chairman, because they've come to the conclusion it doesn't make any difference, because they can argue from a political point of view that who are these people? These people we don't need anyway. And you know they can go to the individual and say to him, \$200,000, \$150,000, that sounds like a lot of money and those people if they leave, let them leave. But the reality is that the people who direct their energy and attention and start to consider alternatives outside of Manitoba and take the whole effort to provide for their estate planning in a way that passes Manitoba by, by the time they get into that procedure will have in fact forgotten about Manitoba, and the great part of the total entrepreneurship that has developed this province and has kept it going will be lost, and whether the members on the opposite side wanted to or not, whether they thought succession duty was a fair way or not, they're faced with the reality of Canada and the fact that there is one jurisdiction which was prepared to stand and not provide succession duty, and other jurisdictions who have now been prepared to up the ante because of the dangers to themselves, and how can Manitoba in isolation realistically stand pat without recognizing the direct consequences that it will mean in the total situation in Manitoba. And for the person who will not have the job in the future he's not going to take a great deal of, you know, concern or be very happy about the fact that those on the other side may feel that they have some way done the fat cats because the fat cats in this province aren't going to be done. The only people, and I repeat again, who are going to be caught under this Succession Duty Act are the people who -- the people you should have been trying to protect in the first place, who do not know any better, who have not the capability or the understanding of going and seeing the proper accounting and legal people to be able to put their affairs in order. There are many that are going to be able to put their affairs in order and stay but there are many that are going to be able to leave. And so long as you have a situation which will provide opportunities for people in British Columbia and Alberta, and the ability to be able to transfer and to be able to provide for their -- the potential incidence of taxation that will come through in estate tax, there is no doubt that it will happen. And for those who are fortunate enough to be able to still remain in Manitoba because they can work around this Act by the new corporate setups that will be set up, and I assure you that are being set up day by day.

Now, Mr. Chairman, I have a cousin who is a lawyer, practising lawyer, in Calgary. I have spoken to him and asked him what has been happening. -- (Interjection) -- That's right. No criteria. You, the members on the opposite side should just know -- (Interjection) -- No, not Peter Loughheed -- you should just know the number of corporations that were incorporated, and I think it would be interesting to check the registry to find them, that were incorporated in Alberta in December. You should know how many of the solicitors in Manitoba have been in Alberta and have in fact made the arrangements, have been down in Ontario and have made the arrangements.

You know it is just absolutely silly for the members opposite not to believe that people are putting their affairs in order, and will, and that the overall effect and net losers will be the people of Manitoba. There's not going to be a gain for the people of Manitoba by this. It's an unfortunate situation in terms of the philosophy of the members opposite but the truth of the matter is this: that the only way that this bill could have been ever realistically enforced properly would have been if the Federal Government had been prepared to take the jurisdiction and the provinces had been prepared to give it to them. But in the situation that we have now with in fact the ability of some of the provinces to be in a financial position not

(MR. SPIVAK cont'd) to have to tax at all and the fact that other provinces have raised the exemption, the overall effect of this is that you have put yourself in a position where what you appear to be doing is essentially punitive and is again another incident of revenge against those people who may, or may have in the past, or may in the future, be in a position to acquire capital.

Now having said that I would have thought with the announcement by the Premier of British Columbia that he was going to be going out of the field, with the budget statement of the Provincial Treasurer of Ontario, that the government would have acted and would have recognized that the exemption should have been raised, I'm surprised that it hasn't been but I think probably it's consistent with what I have said in the past. Most of you on the other side are more interested in the revenge on the system rather than understanding the system and most of you on the other side have really no understanding of what has happened in the business community because your contacts are very little with them. But let me suggest to you -- (Interjection) -- Oh who am I kidding? I'm not kidding anybody. Let me suggest this to you, to all of you. You accomplish nothing with this particular section. In money you will accomplish very little; in overall damage to the province you are going to cause a great deal. And it will take time. It will not be apparent immediately, and I'm saying that because it's very obvious there's no way in which you're going to be able to touch that, but I'm suggesting to you that in time the damage, the damage that you will have done, will in fact be felt by the people and the result will be a very serious one because in fact capital will bypass this province, will move out of this province and you cannot expect Manitoba to be both the highest succession duty tax and the highest gift tax, the highest personal tax and the highest corporate tax. It just will not work. There is no reason for investment to continue in here and there's no reason for people to develop their entrepreneurship here when there are other jurisdictions that will create a more favourable climate. And that's the reality of the economy in this province and that's a reality of Canada, and to those of you who want to ignore that, as I've suggested before, are just putting your head in the sand and ignoring the facts of life.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I hope this is the debate that will end this subject for this bill. I know there is no way that we won't be again and again hearing all these predictions of disaster for this province. I have already stated in reply to the Member for Assiniboia that we will be watching the situation as we go along. Of course the Leader of the Opposition is talking about this section and about preferred beneficiaries and one listening to what he said gets the impression that he's talking about a vast difference in all estate planning that would be provoked as a result of this section. The truth of the matter is -- and he's always interested in the truth of the matter -- that the one point that he's been making related only to interspousal accessions and did not relate to any other gifting than that. But the impression he gave was that people will be running away because they are frustrated in their efforts to pass their estates to their heirs, whereas in all truth he should have been talking about a transfer from husband to wife, from wife to husband, as being the difference. Of course what he postulates on the big scale is that -- well he doesn't admit but he knows, and he would admit if challenged -- that today there's only one province in Canada that has exempted all taxation on estate tax. He now brings in other provinces which have made varying statements of differing prospective intents which may indicate changes in their respect. And he spoke specifically of British Columbia which was really the highest estate taxing province, which was the most vigorous in the statements that they were making about the need in the interests of equity to maintain estate taxation, where the Premier waited until after the session in which he had passed amending estate tax legislation and has now made a statement which we have read in the press to the effect that it would be their intent to get out of estate taxation. And as the Member for Rhineland pointed out would be giving up some, I believe it is \$20 million, in revenue. Of course the logical sequence would be that if one province goes up to \$500,000 in another exemption, and another province goes to 800,000, and another to a million, and another removes estate tax at all, and the next one will start offering a bonus to people who come and settle, and then before we know it the Leader of the Opposition will be saying that we should take the Consolidated Revenues of the Province of Manitoba and start buying people with estates and paying them a bonus to come here and settle. To say that any man who brings a million dollars into the province and settles here will thereupon receive an additional million dollars from the Province of Manitoba as an incentive because that's the

(MR. CHERNIACK cont'd) logical step. -- (Interjection) -- No, I'm just suggesting that that is the way he will be going if he continues this kind of discussion. He'll be saying let's put on, let's -- we'll have to find money for that, so let's put back the Medicare Premium Tax, let's put on more poll taxes so we can get the money for that purpose.

Well that's an interesting academic debate, Mr. Chairman, and as far as I'm concerned we are now late in the year in passing legislation which is complementary to a large extent of the legislation already passed in eight other provinces in Manitoba. I may be wrong, I'm under the impression that all the other provinces have their legislation passed on Succession Duty Taxation except Alberta. Oh, Newfoundland has not yet passed it, so Newfoundland and Manitoba are still in the process of passing it which means that Nova Scotia, New Brunswick, Prince Edward Island, Quebec, Ontario, Saskatchewan, B.C., have already passed legislation. That is fact, and if the Leader of the Opposition wants to know the truth of the matter, the truth of the matter is that they are all in the succession duty field. And the logic of the matter is that if they all go out of the field, Manitoba will be ready and of necessity reviewing -- well who is willing who is willing to destroy principle. Maybe the Member for Assiniboia is. I have not yet heard from the Member of Assiniboia on his position on principle. Maybe he doesn't believe in this kind of taxation. -- (Interjection) -- Maybe he doesn't, maybe he doesn't agree on ability-to-pay-taxes. The fact is yesterday he stood out with just a few people on that side of the House recognizing the importance of ability-to-pay-taxation when he voted with only a few others on that side of the House to make a real improvement in the position on ability-to-pay-taxation.

MR. PATRICK: On a point of order, Mr. Chairman, I wish the Minister would get back to the bill.

MR. CHERNIACK: The honourable the member is asked -- when I spoke about the changes in exemptions and the changes in estate taxation which deals specifically with 13 (1), which is the matter before us now, which deals with the size of exemptions with preferred beneficiaries, and he asked whether I was willing. There are many things that people do that they have to do because, even though they're not willing to do it, they do it because of the necessity of maintaining a certain balance. And if the Member for Assiniboia wishes to sacrifice principle, as I sometimes do, I do it with an unwilling heart but I do it. But if he thinks that we would be willing and happy to go against principle, he's wrong. Because we care about principle on this side of the House, we try to maintain a principle. We don't flip and flop the way it may have been suggested by the Member for Assiniboia. Nevertheless we have to deal with matters as they arise and as they are forced upon us, and we will do so, and if all the forecasts prove to be true we will certainly not stand out as being the one province. But we will not do it willingly nor happily if it is in any way infringement on our principles.

Now the Leader of the Opposition referred to the fact that it ought to be a Federal Government jurisdiction, and of course it ought to. The Federal Government ought to be involved in the estate tax field, and in the Corporate field, and we have said so time and again and we have received a good measure of support from other provinces but we have a situation of an unwilling Federal Government to take on its proper responsibility and so we must do it.

But dealing with preferred taxation, preferred beneficiaries, and the speech made by the Member for River Heights, and of course he's reached the stage now where once he starts that speech we all recognize it and we all are lulled into that lullaby area that was described by, I think it was the Member for Fort Garry, where we're so used to hearing it that it's just a repetition of the same old record. But he talked about the \$500,000 as if it applied to all preferred beneficiaries. He knows it's not true, he knows it refers only to interspousal successions. But let's think about what it is that a man and a wife want to do when they start building an estate, building a business, working the family farm. They're not that much concerned with each other's welfare. They plan for it in their lifetime, but what they want to make sure of is that the children are able to succeed to a good measure of what they have worked for so that their children can continue to enjoy the quality of life and the measure of success. And in that respect let's look at the comparison. Let's look how . . .

MR. FROESE: On a point of order. Would the Honourable Minister table the report he's quoting from, or at least the sheet of statistics.

MR. CHERNIACK: Mr. Chairman, the Member for Rhineland, is a great reader and sometimes gets confused about what he has in his possession and what he doesn't. I'm not critical of that, he's a one-man filing system. The fact is that I haven't yet started to quote

(MR. CHERNIACK cont'd) but I'm going to quote from a table which has been distributed to all members, more than once, but certainly the member should be in possession of it.

I'm looking at a comparison of succession duties between the Provinces of British Columbia, Ontario, Quebec, Atlantic Provinces. The former Estate Tax Act which applied in Manitoba last year and Manitoba, and I'm looking for succession to adult children. And, Mr. Chairman, I believe that that's what's important. I believe that when a husband and wife settle on a farm and work that farm for 30, 40 years that they are concerned to make sure they don't have to sell pieces of the farm in order that their children, who worked along with them on the farm, would succeed to it. And I am critical of those farmers who don't recognize the contributions made by their children on that farm by giving them portions and interest in the farm during the lifetime of the parents. And many don't. And I'm critical of them, and yet I recognize that in many cases it doesn't exist. And I am concerned about the builder of a small business who may have started with his wife and himself working at it, and gradually building it up and as the wife acquired domestic responsibilities she continued to support her husband in that endeavour which he had to build a small business and build it up in the interests of their children who might succeed in that business and continue to work at it. I'm not that much concerned about the father who builds a business with the help of his wife and then his son enters into a profession or another field and money passes. I'm not that much concerned that it is the transference of money that is as important as is the transference of a business that has been built up to which the family has become dedicated. So I am really concerned about what happens in the situation when a father and mother are concerned about their children succeeding to the family farm, to the small business.

What do I find? In the case of an estate of say a quarter of a million dollars -- let's not fool ourselves that's a pretty good sum of money. I don't know how many members in this House can lay credit to having achieved that kind of estate, a net estate of \$250,000, but there are not many people in Manitoba who have. But what happens. -- (Interjection) -- I read now from the taxation imposed on estate of \$250,000 which passes to adult children, and I find in British Columbia the tax would be \$13,000; in Ontario the tax would be \$47,900; in Quebec the tax would be \$34,375; in the Atlantic Provinces it would be \$66,144; in Manitoba up to the end of last year, it would have been \$62,700, and in none of these cases do I think that really it's a terrible impact on an estate of a quarter of a million dollars net considering the fact that there will be five years within which to pay it. And yet in Manitoba it will be \$27,560, less in every case but that of British Columbia on the transference of a quarter of a million dollar net assets, after deduction of all debts, of an estate passing from parents to children. Which one of the members opposite have had the integrity of making that statement. Which one of them have acknowledged the fact that the Manitoba succession to adult children of an estate of a quarter of a million dollars will be less than Quebec, less than Ontario, less than it would have been last December and prior to that. Substantially less than the Maritime provinces. Which one of them has said that? Instead of that we get the kind of a speech we heard from the Leader of the Opposition, who talks about \$500,000, and never once in what he said referred to the fact that he was talking only about a transference from husband to wife and vice-versa.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, on a point of order. The Minister challenges us as to having made or not made statements to a certain effect. How could we when we didn't have the material and we haven't had the research -- (Interjection) -- No, that piece of paper was never given to us, never given to me. I can vouch for that. Maybe the Honourable the Leader of the Opposition got it, but I didn't get it.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I can't say for certain but my recollection is that every reader of either the Free Press or the Tribune has seen this kind of information because my impression is that this material was actually published in the press, but I can assure the Honourable Member for Rhineland it was distributed to every Member of the House, to all the news media, they were given all the information, and if he didn't see it I'm sorry, but it's available to him. But the fact -- (Interjection) -- No apparently -- well I'm told by the Member for Portage that it wasn't in the Winkler newspaper. I'm not even sure he's right about that because he probably reads the Winkler paper as often as I do and he may have

(MR. CHERNIACK cont'd) missed that issue as I certainly did.

Let's look at an estate of \$1/2 million, and how many people have a net asset of \$1/2 million. And, Mr. Chairman, I've not yet in advance looked at the comparison in \$1/2 million, just before I'm starting to read this, so let's just say that I'm going to refresh the memory memories of members opposite as well as my own. In an estate of \$1/2 million we find that a transference of \$1/2 million net aggregate value in Ontario will be \$125,000; in Quebec will be \$96,875; in the Atlantic provinces it would be \$187,572; in Manitoba it would have been up to last December, including last December, \$184,200, it will be under this section \$133,980, which is less than it would have been, substantially so, less than the Atlantic provinces, substantially so, somewhat higher than Ontario, that is higher to the extent of eight to nine thousand dollars; Quebec would have been \$97,000 as compared to 133, and B. C. is \$63,000.00. That's out of a \$1/2 million net estate and I can not accept the fact that a business interest and investment in Manitoba cannot pass to successors, unless they are complete strangers, even then it's not as great a tax, but cannot pass to successors with the maintenance and the integrity of the business and its stability by inheriting a tax which can be spread over five years, and I remind members opposite that I've stated here and that I've been informed, and I think it's without question, that during the legislation which applied to Manitoba up to the end of last year where there was a five year privilege to pay the duties over a period of five years following death, that in very few cases did an estate and executive find it necessary to take advantage of that federal provision. In very few was it necessary because they were able to work it out very well on the basis of their own estate planning. So that we talk only -- (Interjection) -- pardon . . .

MR. HARRY E. GRAHAM (Birtle-Russell): Will the Minister permit a question?

MR. CHERNIACK: Yes.

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

MR. GRAHAM: In the tables that the Minister was quoting from he quoted figures from December of last year and then he quoted the figures from Manitoba under the new legislation. Has he got the figures for the other provinces under the new legislation as well?

MR. CHERNIACK: For last year?

MR. GRAHAM: No, for this year.

MR. CHERNIACK: Well that's what I gave. I gave this year's figures. All the figures I gave were for this year except the one figure which relates to the Estate Tax Act of Canada which applied in Manitoba, and in many other provinces, up to the end of last year. So I gave that figure as a comparison to Manitobans. You see a person who died last December with an estate of say \$1/2 million leaving it all to his children, had he died in December his tax would have been \$184,200, had he died in January his tax would have been \$139,980. So the effect of this bill that is before us actually reduces the tax from last year's tax of \$184,000 to \$134,000 in Manitoba, as applied to a deceased in Manitoba, succession within Manitoba, as between a death in December or a death in January, assuming the total estate passed to beneficiaries, children, adult children, living in Manitoba. Does that answer the question?

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

MR. GRAHAM: I wanted, you have no figures then to compare whether there's an increase in the other provinces as compared to last year.

MR. CHERNIACK: Mr. Chairman, now I'm speaking from memory. Of course when I speak of what would have happened in December in Manitoba, the very same figure would apply Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island, Saskatchewan, and Alberta, except that in Alberta there would have been a three-quarter rebate, not a total rebate only three-quarters of the rebate, and only to those people where the deceased was a resident of Alberta. In British Columbia as I recall it they bumped the tax this year. I think it would have been less last year. But this year in British Columbia, as I recall it -- no, I'm wrong. They raised the exemption this year. Formerly the B.C. exemption was so much lower that their tax would have been higher last year than it is this year.

In Ontario, I don't believe -- or Quebec, I don't believe there is any major change as between taxation in 71 and in 72. There's no change insofar as the comparison I've been reading of accessions by adult children but in Ontario they did raise the exemption for the spouse. But the figures I was giving related to transfers of an estate.

Now Mr. Chairman, I don't want to continue this much longer. I want to point out that the vast majority of farms in Manitoba do not have a net estate in excess of \$150,000. If they

(MR. CHERNIACK cont'd) go to \$200,000, then to the extent that the wife is involved in getting at least 50,000 there is no tax -- and a vast majority of farmer's estates are less than \$200,000. But if they're greater, if they're \$250,000 and all of it goes to the wife, the tax on 250,000 will be \$13,780. Now you tell me, Mr. Chairman, what person worth up to or worth about \$250,000 net is going to run away from this province because there is a potential tax of \$13,780? What person worth \$250,000 net -- the farmer, the small businessman -- small -- \$250,000 equity, net equity, will leave the province because it'll cost \$27,000 to pass his estate to his adult children? So let's think in perspective and all that the Leader of the Opposition should have been talking about and he should have spelled out was he was talking about interspousal transfers. That's where there is a difference -- only as between husband and wife -- at half a million dollars. Other than that, Manitoba compares more than favourably with the other provinces and their stated intentions, except for what the Premier of B.C. has said -- and that's the only thing I qualify what I said, and of course the fact that we know that Alberta is not in this field.

. . . . continued on next page.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I do have just a few points that I wish to raise with the Minister. He mentioned that no other provinces at the present time have vacated the field and to him I would like to mention that quite a few have mentioned or indicated that they will be doing this or are prepared to do this. In fact last weekend the Maritime provinces, including Newfoundland, met - and this is the public statement that they issued jointly - that if Ontario does vacate the field so will the Maritime provinces. That was the release - in fact somewhere in my office I have a Globe and Mail financial section, I can show it to him. So there has been that indication. My concern is, and I agree with the Minister that perhaps in many areas that our bill - probably succession duties legislation - is similar to most of the other provinces, the ones that are in it - and in some areas it may be better. There are other areas that it's not as good, particularly inter-spouses and this is the point - between the spouses - which I want to raise with the Minister.

But the whole thing in the field of taxation, in the field of gift and succession duties, I agree that 200,000 is a considerable amount of money; it's much more than perhaps the majority of the people, probably 90 percent have in this province - maybe more than 90 percent. And I agree with him, I agree on that point. But still he has to accept the fact that we have to be concerned about the economic climate in this province. We have to be concerned. And it's not me, he better listen to some of his own backbenchers who last session, one of them said in this House - it's in Hansard - that the problem is that our government is not as compatible with the business of this community as probably one of the other two parties - and the Member for Crescentwood said that. He may have been correct he may have not, I don't know. But you have to accept the fact that in Manitoba you have probably 95 percent of your corporations are small corporations, small business people . . .

MR. CHAIRMAN: Order please. Would the honourable member come back to 13 (1) please. The honourable member is starting to stray.

MR. PATRICK: Well, Mr. Chairman, I'm trying to indicate to the Minister that he has to be concerned about this section of Bill 5. He has to be concerned because it's very important to this province. It's important to all of us. Now I know the Minister also said that all the other provinces have passed this legislation, we're the only ones and Newfoundland that haven't passed it. And I say to him this bill had second reading many moons ago, probably two months ago, so it wasn't our fault that we didn't proceed with it. It stayed on the Order Paper every day. Well I thought this is what you indicated, because the other provinces are in it already - their legislation was passed; it's only us and Newfoundland still - our legislation still isn't passed. So I thought this is - you were indicating that we were trying to hold it up, and I'm trying to tell the Chairman that this is not so we never tried to hold it up.

But I am concerned - the transfer of assets between the spouses - I think that prior to 1960 before the federal legislation was passed, there was no value placed on the amount of work that the homemaker contributed to the economy or the family's economy through probably looking after the home, looking after the children - and this is true. Since that time when the legislation was changed, the federal legislation was changed, and I think it was a good change. There has been. So it really - that's what concerns me that there be equity in taxation between man and woman - between the spouses - in this country; and I think it was a great breakthrough for the women, for the wives in this country - and my concern is with the present \$200,000 limit, which is much less than what the other provinces have indicated; which is half a million dollars or \$500,000 and this in itself may have a detrimental effect as far as creating a proper economic climate.

I know that we can't blame the government for it, but all the Minister has to do is check with some of the accountants. I know I could get on the phone now - if he doesn't believe me, check with three or four large accountant firms - and there are many people concerned about tax as it applies in Manitoba, as it applies in the other provinces. And they're all saying, prepare statistics for us, and they're considering should they stay in Manitoba or should they not. I am sure that he's concerned and I'm sure that all of us are concerned. And this is the reason that even if the Minister gave consideration of increasing the amount between the spouses, I think it would be worthwhile consideration if all the other provinces in Canada are doing it at the present time. And I'm sure that the amount that succession duty and estate tax brings, the amount of revenue - and just this one feature the change in this one feature. I'm sure there will be very little loss of revenue, probably very small amount - and it may be a consideration

(MR. PATRICK cont'd.) that the Minister should consider. So it's not that the Minister - I want to hear the music, but the Minister to get up and you're trying to protect the interest of big business. I'm saying to the Minister: look, over 94 percent of the corporations in this province are small corporations, family corporations of probably ten people, --(Interjection)--

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: What is the honourable member's definition of the net equity position of a small business?

MR. PATRICK: . . . the what?

MR. CHERNIACK: What is the definition of the amount of net equity in the business to consider it as a - what's the highest level for his definition of the small business.

MR. PATRICK: Well I simply - somebody says James Richardson. I understand Richardson's firm employs probably in Canada over two or three thousand people.

MR. CHERNIACK: No, that's not the question.

MR. PATRICK: No it doesn't. Somebody is talking from the seat of his pants - I thought I'd deal with him first. It depends what is left, it depends what is left. Yeah. --(Interjection)-- I'd say it's 200,000 - small, would be small in my opinion. Well this is my concern, that what we do with this legislation. And I say it doesn't affect probably the majority of the people; probably it doesn't affect too many people in this House, but it does create a climate in this province which I'm sure the First Minister is very concerned. You only have to go back in the last three or four months; the fourth largest corporation or company in this province, and a couple others in line probably within the ten top, three of them have disappeared. Have not disappeared in essence, but they're not operating in this province - but their head office is not here any more: Beaver Lumber, Winnipeg Supply and Fuel, J.B. Carter, I'm sure there's many more. So we have to be concerned. --(Interjection)-- In the top ten? There's many factors - and I'm not saying it's totally the government's fault and it's totally the taxation field - but I look in the area of St. James-Assiniboia where we used to have probably ten small construction companies, ten small builders in the housing industry; we probably have one right now. And it's not really maybe totally the government's fault --(Interjection)-- there's still a lot of construction going on in St. James. The problem is the Attorney-General knows that the people that used to build in there are today in British Columbia. --(Interjection)-- That's right. If he wants me to give him a list of the companies; if he wants me to give him the list of the companies, I would be prepared to do that. Well fine.

I'm getting back to Section 1 - and I say to the Minister, I believe it was the federal enactment of the principle removing the transfer of assets between the spouses. It was a great breakthrough for the equity taxation between the women in this country, and I would like to see the Minister give consideration to at least the amount that the other provinces have legislated at the present time.

MR. L. R. (Bud) SHERMAN (Fort Garry): Mr. Chairman, I am reassured by the statement by the Minister that he'll be watching this legislation - or we, I think he said we will be watching this legislation; watching it presumably for impact and effect and ramifications on Manitobans, Manitoba residents who are engaged in small business and the economy in general.

I did not have the feeling from earlier debate on the bill that the Minister would be disposed to measure the impact and the ramifications of this legislation as carefully as I now think he is disposed to do. So I find that a step forward and reassuring from the opposition's point of view and from the point of view of the general public, Mr. Chairman.

I would be thrashing old straw if I embarked on any - or made the attempt to embark on any kind of a line of debate at this stage on the bill because everything that's going to be said or everything that should be said on both sides of the question I think has already been said. Certainly the Minister has received from us the main thrust of our message that we believe that it is a piece of legislation that contributes to a general package of taxation that's discouraging to business in Manitoba, and to the inflow or influx of expertise and excellence into Manitoba from other parts of the country. We've made that point the Minister feels on the basis of the scales and measurements that he has applied to the argument as to the effect of the tax; that it is not going to be that discouraging; that it's not going to put Manitoba in a disadvantageous competitive position. There's no point going over that ground again, but if the Minister is prepared to watch it and prepared to be instructed by the effects and the impact, then I think that is a very important position and an important concession in fact for the Minister and for the

(MR. SHERMAN cont'd.) government to take - and an important victory for Manitobans to have won.

I was interested in the Minister's exchange, however, on the question of ability to pay and the ability-to-pay principle which he engaged in with the Member for Assiniboia - because many of the submissions that have been made to members on all sides of the House where this succession duty legislation is concerned, Mr. Chairman, have dealt precisely and specifically with the concept of ability to pay. And for example, in the latest submission from the Winnipeg Chamber of Commerce to the First Minister and to his colleagues in the government, there is specific reference to the fact that in the Chamber's view - and I'm sure the Minister is familiar with this statement - that in the Chamber's view where succession exemptions are concerned, in the case of two different widows for example with two different dependent families to look after, that the concept of the ability to pay is not supported in this legislation - is not endorsed, and in fact, is pretty sharply violated. The Chamber raises the hypothetical situation where a 40 year old widow with three children, three young dependent children to support, and a 65 year old widow perhaps with a grown family are successors to the same kind of estate and liable to the same rate of taxation and beneficiaries of the precisely same exemption rate. And the question is asked and I think it's a valid one, and can't be sidestepped, as to where the ability to pay is to be found in that kind of a situation. The implication of the position that the Minister takes on this legislation is that anybody, any widow, any spouse inheriting a certain estate with a certain level of exemption has the same ability to pay the succession duty rates and has the same ability to pay the cost of raising the family that she is left with as any other widow inheriting the same size estate and eligible for the same exemption rate. And that's clearly not logical, clearly not supportable to argue in that vein - because on the one hand, as the Chamber points out, you might have a relatively youthful widow with a youthful family to raise; on the other hand you might have a relatively elderly one who has no such responsibility in terms of family cost.

So I think the whole question of ability to pay and the government's adherence to the ability-to-pay principle comes up for serious examination in this legislation, and I find it difficult to reconcile the Minister's professed faith in that principle with the kinds of things - the kinds of loopholes and the kinds of difficulties and the kinds of anomalies that are being left unrepaired in the legislation itself. The major difficulty for us in the opposition I think where this legislation is concerned, Mr. Chairman, is in trying to determine who is right. The Minister has made a very vigorous and a very sincere presentation of his legislation. He believes that it is not onerous taxation; he believes that it is fair and equitable; that it is right for Manitoba and right for Manitobans at this point in time, and I don't dispute his sincerity in that position. On the other hand there are spokesmen on the other side of the question - and some of them are in the Chamber of Commerce that I referred to - who just as sincerely believe that it is going to be a form of taxation and a piece of legislation that's going to redound to the disadvantage of Manitoba; and it's extremely difficult - on the basis of the logical argument that the Minister puts forward and the equally logical argument, counter-argument that the Chamber of Commerce puts forward - to determine who is right. What really happens is that we come down to specifically tailored arguments in logic which support the individual positions being taken on the question and being expressed in this debate but don't necessarily, don't necessarily answer for the common good; don't necessarily represent the position that reflects the majority of Manitobans.

The Minister has said for example that where estates of \$250,000 are concerned, Manitoba is in at least a competitive, if not an advantageous position vis-a-vis most of the other provinces in Canada. The Chamber of Commerce says the precise opposite in so many words. The Minister uses as an example in many instances - and certainly the First Minister has used as an example in many instances - the case of a widow with an adult child, with a grown child. The Chamber of Commerce says what about the widow with the three small children? And so on one level, on one level, Mr. Chairman, we're being asked to accept this legislation on the good faith of the Minister and on his figures - and to buy what really is a pig in a poke, except I suppose the poke has been removed to a certain extent. The poke has been removed to a certain extent because the Minister has --(Interjection)-- Well the Minister has gone into the, the Minister has gone into lengthy explanation of the legislation so it's not - it wouldn't be precisely fair to call it an exercise in buying a pig in a poke, because we're not buying something blind - the Minister has gone into lengthy explanations. And so I say that perhaps that analogy is not entirely fair, but we all are being asked to buy this thing on the strength of the Minister's good

(MR. SHERMAN cont'd.) faith and on the strength of the Minister's figures. And all we can say as Manitobans is that we sincerely hope that he is right, because there has been equally impressive expertise as I've suggested mounted on the other side of the argument. And it becomes extremely difficult, Mr. Chairman, to satisfy oneself as to which side is right. It all depends on the comparisons you construct; it all depends on the hypothetical families, the hypothetical successors and heirs and their condition in life and their age in life.

Mr. Chairman, one of the most interesting aspects of the whole national debate on succession duties this spring and early summer has been the second thoughts that many other provinces have had on the subject which have been referred to by others who have spoken earlier from this side of the House, and that naturally raises a disturbing question in the minds of those of us who are attempting to approach this legislation constructively and attempting to accept the Minister's arguments constructively. It becomes worrisome to us to be made aware of the review processes in thinking, the second thoughts that many many provincial administrations in the country have gone through in recent weeks - and naturally the question arises as to whether or not they are bringing a more profound understanding of the impact of this kind of legislation to their areas of responsibility than our government in Manitoba is doing. One finds oneself forced into the position almost weekly of asking oneself whether our administration has truly and sincerely thought through the ramifications of this kind of legislation as deeply as some others have. Now perhaps it has, perhaps it has, but I think that there is still nagging doubts on our part on this side of the House as to whether the answer to that question is yes or not. The revised position that many other provinces have taken on this legislation is of deep concern to us. We ask ourselves why have they now changed course, changed direction, while our government has found it not expedient to do so. Once again we're gambling on the superior judgment of the Minister of Finance and I would suggest to him, Mr. Chairman, that this whole area of legislation upon which we are now embarked under his leadership, puts a very heavy onus on his shoulders and on his office for we're really gambling here with a substantial chunk of Manitoba's immediate future. We're either going to be - we're either going to be awfully badly hurt, in which case it will take considerable time for a province in our position to recover; or we're going to effect a major fiscal victory which everybody - regardless of whether we're members of the opposition or government - certainly devoutly wish for the people of Manitoba; and the chances I would estimate at this stage of consideration of the legislation are about 50/50 as to whether the ball will bounce one way or the other. That's a heavy responsibility for the Minister of Finance to have taken upon his office - he probably needs no reminder of that from me - but I would remind others, if they haven't considered it, that it is a tremendous fiscal and economic gamble for this province to be taking to say we're going to go this route in the succession duty field regardless of what some other provinces are doing and we're going to adhere through our firm conviction that this is an area that will not produce competitive disadvantage for Manitoba. We're satisfied that it won't produce such disadvantage and so this is the way we're going. Well good luck to all of us.

Mr. Chairman, the only other thing I would say is that I support the . . .

MR. CHAIRMAN: Order please. I wonder if the honourable member would come back to 13 (1). He's starting to wander.

MR. SHERMAN: Mr. Chairman, the only other thing I would say is that I would support the position that my Leader has taken where the exemption level on interspousal transfers is concerned. I would hope that the Minister would give consideration to raising - I would hope that the Minister would give consideration to raising the level of the duty free estate where a spouse is concerned to a half a million dollars, so as to be competitive with the other provinces in Canada who have either moved in that direction or have indicated that they are going to move in that direction. And I would hope that the general level of exemptions even for children, for successors other than spouses could be made raised to make Manitoba competitive.

The long term effects of the legislation are what we are concerned with, and I say to the Minister that we are sincere in that concern. It may take five years, it may take seven to ten years to measure that long term impact in effect accurately. This is why my Leader has spoken as often as he has on this legislation; and it's why his many tedious interjections in this debate have been made over and over again by myself and others on this side, because we are deeply concerned - not necessarily about what is happening in Manitoba today or what may happen in Manitoba tomorrow as a consequence of this legislation - but what may happen in the course of the next five to seven years to set this province a decade or more behind others.

MR. CHAIRMAN: Order, please. The Honourable Member is now becoming repetitious. I've already heard that argument in his speech already. Would the honourable member come back to 13 (1) please.

MR. SHERMAN: Well I'm on 13 (1), Mr. Chairman, and I'm concluding my remarks by being repetitious if you like . . .

MR. CHAIRMAN: Order please. I do not want the honourable member to become repetitious. It is against our House rules. The Honourable Member for Fort Garry.

MR. SHERMAN: The long term effects are the ones that the Minister must satisfy himself about. The long term impact has been our concern - and I appeal to the Minister to rethink the position in the final stages of debate on this bill to assure himself that the gamble that he is taking for Manitobans in this field is weighted in his favour.

MR. CHAIRMAN: The Honourable Member for Winnipeg Centre.

MR. J.R. (Bud) BOYCE (Winnipeg Centre): It's with reluctance that I rise, Mr. Speaker - No. 1, because the sun isn't over the yardarm and I don't function very well before that; and No. 2, we've been too long at it. Well nevertheless, I'll raise my voice a little. I can only assume, Mr. Speaker, that the Leader of the Opposition when he speaks speaks to the members opposite; and I won't use his technique of entering an argument when he's rather in a weak position and entering into a personal attack, but nevertheless I want to address myself to one of the remarks that he made. When the Leader of the Opposition was speaking - not this morning, but on the last occasion that he spoke - he made a remark and said that all estate planning is tax avoidance, and it's disturbed me. Because when we are speaking about the principle of this particular bill, I said that this was one of the most difficult bills that I had to come to a personal rationalization. I speak from a basic premise that in our society we have to have some system for reward of initiative, and so far we have only had wealth as an instrument of rewarding initiative.

I speak from a second premise that the governments should not be involved in personal affairs. But nevertheless, implicit in the Leader of the Opposition's statement is the assumption that all men are crooks, and if they're not crooks - I am speaking relative to Section 13, the one that is under consideration - and if all men are not crooks, then it is incumbent upon the legal profession to advise them to become crooks. It has been my experience in this society of ours that when I have solicited legal advice I have obtained it. I have been told not only what I could do but what I should do. On one particular occasion when I was involved in a business venture with another individual, and as sometimes happens there arose a parting of the ways - there was an opportunity in strict accordance with the law that I perhaps could have shafted this other individual. On seeking legal advice my lawyer advised me that perhaps my case could prevail but nevertheless, is that what I really wanted to do. The decision was mine. The decision that I made - this is only of an academic interest - is that I opted to do that which I should do, not that which I could do.

But when the Leader of the Opposition suggests that all businessmen will leave this province because of the tax laws I do not believe him. I do not believe that businessmen are less socially responsible as a group than any other group in our society, and once again I can only assume that he speaks for the members opposite. And it disturbs me because during the last three years I have, I believe, got to know most of the members quite well. And I believe that they are just as socially conscious as I am. But implicit in your leader's remarks, whether you realize it or not, is that in one end of our social scale it is okay for a group of people to train the type of expertise which will counsel them to avoid the law, avoid the law so they can glean some benefit by moving here, there, or anywhere else. It's a sad commentary on our society.

Mr. Speaker, the Leader of the Opposition's debate if you take it and read it is so weak that a person could rebut everything that he said but it would take me about three hours to show you just how ludicrous his main thrust is in his debate.

When the Member for Assiniboia says that the Minister of Finance should listen to his backbench, he does. As I mentioned when we were talking about the principle of the bill in second reading, my personal experience with the Minister of Finance in this particular bill was that he held the particular bill until my fears were alleviated. Because I have said earlier, there are some areas that I am, or was rather, apprehensive. But after having listened to the Leader of the Opposition on second reading, I said I had no difficulty whatsoever in supporting the Minister of Finance. Because after having listened to the Leader of the Opposition I found

(MR. BOYCE cont'd.) that the Minister of Finance's position was absolutely right.

Now what is involved in this particular clause in this particular bill that is before this Legislature? In my view I'll share with you exactly how I came to grips personally with this particular bill. I worked on the assumption that locks only work with honest men. They keep honest men honest. And all this particular bill does in this section or any other section, is set forth principles by which honourable men who wish to give back to that society which has originally created the wealth, their fair share. It is a guideline, and it is only a guideline, because the Leader of the Opposition has told us that some lawyers will try and find ways to avoid it. So let's assume that the Leader of the Opposition is correct. I hope not, I trust not. I have more faith in the Law Society than that. --(Interjection)-- I have. Perhaps I am naive but this society only works because most people want to make it work. Most people do not want to use laws to make money. Some do, some do, some people use laws of bankruptcy to make money. How do they do it? Not by themselves but in consortium with people who give them the legal advice on how to do it. And doubtless, doubtless --(Interjection)-- The Leader of the Opposition has a question?

MR. SPIVAK: . . . who passes the laws that allow the lawyers to do all the things that you're talking about? The legislators.

MR. CHAIRMAN: . . . to the Honourable Leader of the Opposition, a question or a statement?

MR. SPIVAK: I think it was both a question and a statement.

MR. BOYCE: Mr. Speaker, I wish, you know, we could circulate on the front bench. We could take everybody on this side of the House and have a duty debater with the Leader of the Opposition. Because anyone on this side could show the ridiculousness of his questions of his arguments, of his positions, and his whole basic philosophy. It was just demonstrated by his ludicrous question, who passed the law? I'm sorry to impinge upon the Minister of Finance's time. I am saying nothing that he has to respond to. But nevertheless, as time drags on we've been here four months, or something like that, I sit back here and I try to be part of this legislative process, and for the Leader of the Opposition to suggest that this society has sunk to the level that we have to assume that all men are dishonest, rankles me. Mr. Speaker, you know, who passes laws? This particular section. Well maybe the Leader of the Opposition would like to set my tune to music, or my words to music. We can pass all the laws we want; we can pass laws against hijacking; we can pass laws against assassination; we can pass all the laws we want and it's not going to make honourable men out of dishonourable ones. This law, or any other law, that we pass there will be people who try and circumvent it. But nevertheless, Mr. Speaker, I just want members, especially the backbench on the other side who I said earlier are just as interested in this society as I am, this particular bill, or this particular section, sets forth what in my mind is a just, equitable, set of principles by which honourable men can operate within the Province of Manitoba. No way can we take into consideration those people who will through legal counsel find the loopholes, by moving their estates to Timbuktu, or the Bahamas, or Alberta, or anywhere else. Personally, personally I like strolling across the way and growing old learning many things. At 48 years old I doubt very much if this bill will be of very much effect on me personally. My main concern is amassing enough money to take care of my wife until perhaps she leaves us. So what are we talking about? What are we talking about? --(Interjection)-- Mr. Speaker, I said a moment ago that a person could refute the argument ad nauseam of the Leader of the Opposition, and I was sorely tempted to do so. But in the interest of time I will just repeat one point, there comes a point at which it is only reasonable and just that a portion of an estate which has been accumulated because of the total society within which that estate was created should receive back some portion of that estate. And in this particular section which is under consideration in my personal opinion it is a just and equitable suggestion to the business and people in the province to whom it applies.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I listened with great interest to the last speaker and I certainly don't subscribe to all of his philosophy and his remarks. I want to come back to what the Minister said a little while ago that farmers should pass on or give to their children some of their estate during the parents' or the person's lifetime. This may sound very easy but it isn't all that easy and there are a lot of ifs and buts on the whole thing. For one, if you divide up an estate, a farm estate especially, and the units become much smaller and therefore they become uneconomic units. We've heard so much about this of uneconomic units right in this

(MR. FROESE cont'd.) session and on previous occasions. There are other things that have to be considered because what this would really require would probably mean forming a corporation and that the children of a family would each get part, or part of an investment in that corporation. This however has not been the practice up until recently, at least not in Manitoba, at least not by our people, and this is certainly not a matter of tradition. And this also requires an expense. This requires the knowledge of how corporations work and function, and this requires legal assistance, legal advice, legal help. Then, too, some members of the family might not want to have a part of an investment of this particular kind because farming today is very uneconomical. the returns are very small, and that they might want to invest their share in something else. So that to pass on some part of a farm estate during a lifetime is not just such a simple matter as he's trying to lead members to believe. I don't want to belabour the point, I could say much more in regard to that.

I'm wondering whether this government is passing this legislation this year in order to come in next year and repeal it as an election gimmick. What about that? Then they could come out next year and say, well now, we're repealing this Act, now we're real champions. Although I have grave doubts along this line that this will happen because we have people like the Member for Inkster who are solid socialists and who don't subscribe to that kind of philosophy. With them this legislation is a matter of philosophy in that they don't believe in handing down estates to members of the family. In fact, I was rather surprised that the government did go as far as they did by giving the exemptions that they do. In a way it's a big improvement from what it was. I agree. And in that regard I am surprised that they did come as far as they did. So, certainly the exemptions even under this section that we're discussing is an improvement over what we've had, because I've been dealing with some of the estates in recent times, in recent years, and where the tax was much heavier than what it is going to be under this particular legislation. But when I hear the Honourable Member for Winnipeg Centre certainly with this legislation we're not hitting the real culprits in my opinion, if we really want to hit some of the things that they want to hit, then we should go to those people who own the banks, and so on, who have the real power, and not only the banks because those are also the people that control the big companies and the large investments. And these are the people that we're not hitting with this legislation, we're not getting them. So I think it's a useless or a futile exercise in bringing in this legislation if that is what it is intended to do.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, in just the few minutes left I'd like to respond to a few statements. Firstly, my point - I direct myself to the Member for Rhineland, my point on the recognition of preferred beneficiaries is that if a son works on a farm with his father side by side, shoulder to shoulder, he should get compensation in his lifetime not have to wait for his father's death in order to be recognized for the work he does. And that relates to the wife as well.

I appreciate the statements made and the tone used by the Members for Assiniboia and Fort Garry. They expressed their concern, we share the concern. We share the concern about economic growth within the province. We think we've demonstrated that all along. They don't agree with our methods; we didn't agree with theirs, but the concern is there, we do share it.

When the Honourable the Member for Assiniboia quoted from memory of the statement made by the Maritime Premiers, I have the news release which as far as I know, is the only news release that has appeared here on their statement and I want to read it very quickly. It stated, Tribune June 13, 1972: "Premiers of the three Maritime provinces today were to consider plans for a co-ordinated reaction, should Ontario decide to get out of the collection of death taxes. Should Ontario decide then they will consider plans for a co-ordinated reaction." Mr. Chairman, I would expect, and I would hope, that that kind of discussion of the three Maritime provinces to consider plans for a co-ordinated reaction would include Manitoba as being part of that kind of assessment that will take place. The only other statement made was an opinion stated by the Premier of Nova Scotia who said: "If Ontario gets out, I think everybody will." He said everybody will; he didn't say Nova Scotia will; he made a forecast. And I repeat what I said earlier, I would expect that in their evaluation we would be involved as we are partners, six of us, in this collection agreement and as there are today nine provinces out of ten in the succession duty field.

Now quickly to deal with the point made by the Member for Fort Garry relating to the

(MR. CHERNIACK cont'd.) Chamber of Commerce, he wanted to know the understanding about the two examples given. In one case, when you have a widow of 65 with no dependents she has presumably lived most of her lifetime with her husband, sharing in the building of his estate and hers as well. And the recognition of that is seen in the exemptions dealt with under Section 13. In the case of the widow of 40 with dependent children, her contribution to the building of an estate has been nowhere near that of a 65 year old woman. Assuming now we're talking about long marriage spans. But she does have dependent children. And I want to know whether \$200,000 tax free is enough to take care of a 65 year old widow without dependents, and I want to know if a \$200,000 exemption is enough to take care of a 48 year old woman with dependents. And I want to know whether it's a hardship on a widow who received \$500,000 to pay something over \$100,000 in taxation as a payment back to the estate. And I want to know if a net estate of almost \$400,000 for a widow and her dependents or no dependents, \$400,000 after payment of taxes, is that not enough to take care of preferred beneficiaries? And we're dealing under Section 13 with exemptions for preferred. Talk all you like about climate, what we're dealing with is as an honest and sincere effort to recognize the special rights, the inherent, moral, and ethical rights, that people should have to ensure that their near and dear are protected in the event of the death of the person who is responsible for their welfare. And show me the hardship on any of the preferred beneficiaries in Section 13, and then we can start talking. But talk about climate, then let's study climate, and let's not confuse the issue as the Leader of the Opposition tried to do earlier this morning.

MR. CHAIRMAN: Committee rise. Call in the Speaker. Mr. Speaker, the Committee of the Whole House has considered certain bills, instructed me to report progress and asks leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for St. Vital, 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 Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker, I beg to move, seconded by the Honourable the Attorney-General, the House do now adjourn until 2:30 this afternoon.

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