



Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

Speaker

The Honourable Peter Fox



Vol. XIX No. 33 2:30 p.m., Monday, April 10th, 1972. Fourth Session, 29th Legislature.

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THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Monday, April 10, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the Gallery where we have 66 students of Grade 9 standing of the Issac Newton School. These students are under the direction of Messrs. Ferens and September. This school is located in the constituency of the Honourable Member for Burrows, the Minister of Education.

We also have His Worship, Mayor Newton and ten members of the Town Council of Dauphin in the Gallery. These members are from the constituency of the Honourable Minister of Highways and Transportation. On behalf of all the honourable members I welcome you here today.

Presenting Petitions; Reading and Receiving Petitions; Presenting reports by Standing and Special Committees; Ministerial statements and tabling reports. The Honourable Minister of Industry and Commerce.

TABLING OF REPORTS

HON. LEONARD S. EVANS (Minister of Industry & Commerce) (Brandon East): Mr. Speaker, I have an up to date report on the Souris River flood situation.

Below normal temperatures in the Souris Basin have retarded runoff in the Souris Basin, and in particular in the Turtle Mountain Area. The outflow from Lake Darling has been approximately 1600 c.f.s. for the past three weeks. The United States Fish and Wildlife Service expects to maintain that rate of discharge until mid-April. This flow combined with inflow from the lower portion of the Basin in North Dakota is expected to result in a peak flow at Westhope of about 2500 c.f.s. in the latter half of April. As indicated on March 21, the peak flows in Manitoba are expected to be higher than those experienced in 1971 but lower than the 1970 peak flows. Flooding of low lying valley lands from the International Boundary to Hartney is expected to continue over the next three to four weeks due to these sustained high flows. Above normal precipitation during the next month could give rise to greater flooding with the river being out of its banks in this reach a longer period than now anticipated.

Mr. Speaker, as the situation changes and conditions change in the Souris River Basin I will make further reports to the Legislature. I have copies of this statement for every member of the House as well as for members of the Press Gallery.

And while I'm on my feet, Mr. Speaker, I would like to take the opportunity to table a report of the Department of Mines, Resources and Environmental Management with respect to Air Services. We have now prepared a Manitoba Flight Information map which is going to be made available to the general public at a nominal cost. We have copies available for each member of the Legislature. The map, Mr. Speaker, is primarily designed to encourage and promote safe flying in Manitoba and as well to provide information to the flying public on the airport construction program in Northern Manitoba. I might add that we are taking the opportunity to send complimentary maps to each commercial operator in Manitoba and to the various flying clubs in the province. Thank you.

MR. SPEAKER: Any other ministerial statements or tabling of reports? Notices of Motion; Introduction of bills; The Honourable the Minister of Health and Social Development.

INTRODUCTION OF BILLS

HON. RENE E. TOUPIN (Minister of Health & Social Development) (Springfield) introduced Bill No. 12 an Act to amend the Pharmaceutical Act. (Second reading Wednesday).

HON. A. H. MACKLING, Q.C. (Attorney-General) (St. James) introduced Bill No. 23 An Act to amend The Queen's Bench Act.

MR. SPEAKER: The Honourable Minister of Transportation.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, could we have this item stand please.

MR. THOMAS BARROW (Flin Flon) introduced Bill No. 18 An Act to amend the Flin Flon

(MR. THOMAS BARROW (cont'd) . . . Charter.

MR. J. WALLY McKENZIE (Roblin) introduced Bill No. No. 22 An Act to repeal An Act to validate a certain agreement between The Town of Dauphin and the Rural Municipality of Dauphin.

INTRODUCTION OF GUESTS

MR. SPEAKER: I believe we have a member from Ottawa. I'd like to introduce the Honourable Member for Brandon Mr. Dinsdale. On behalf of the honourable members, I welcome you to the Assembly.

The Honourable Member for Lakeside.

MATTER OF GRIEVANCE

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, I would like to bring to your attention a matter of personal grievance, a matter of privilege rather, excuse me, privilege affecting all members of the House, if I may at this time.

It has to do, Sir, with the increasing tendency on the part of this government to by-pass a well-established practice and tradition both in this Chamber and other legislative bodies throughout the country, that certainly while a session is in session important announcements or important policy decisions or important other changes that take place within the ranks of government and their Crown corporations, that we in the Chamber have the privilege of being apprised of these events rather than that we have to rely on the news reports, that we have to rely on the by-line or radio shows or that we have to generally have to rely on other sources other than the honourable members opposite for firsthand information in this respect.

The particular matter of privilege that I raise at this particular time that prompts me to speak is the manner and way in which the concern that has been questioned and brought up with respect to a major industrial firm here in our province, I refer to Western Flyer Industries. The subsequent action that the Minister took in this House denying us as members information . . .

MR. SPEAKER: Order, please. The honourable member is debating an issue and not stating his matter of privilege.

MR. ENNS: Well, Mr. Speaker, I'll desist from debating the issue, I'm attempting to illustrate and to draw you the picture, Sir, that we are not getting advance or at least having the courtesy of being given the information while the members, the Ministers of the Treasury Bench have no compunction about giving that information outside of this House. I refer specifically, Sir, to the news conference held this morning by the Honourable the Minister of Industry and Commerce at which time he went to some detail about the affairs of . . .

MR. SPEAKER: Order, please. I tried to indicate to the honourable member before adjudicating on the whole context that a news conference is not a parliamentary procedure as far as this House is concerned, therefore is not a matter of privilege. If that's what he's debating, I'm afraid I must refuse. The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I'm not debating the question of privilege of the Honourable Minister holding a news conference or not holding a news conference. I'm debating though, and I suggest, Sir, that in all seriousness that the subject matter that was dealt with was a subject matter that was raised on several occasions here in the House -- (Interjection) --

MR. SPEAKER: The Honourable Minister of Labour on a point of order.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): On a point of order, Mr. Speaker. If the contention of my honourable friend the Member for Lakeside is correct, and I don't think that it is, but it would preclude any Minister or any member of this Assembly speaking to anybody outside . . .

MR. SPEAKER: Order, please. The Honourable Minister is debating the matter of privilege. I asked if he had a point of order. Would he state his point of order.

MR. PAULLEY: My point of order is that it is not in order for my honourable friend to raise, as point of privilege, the activities of a member of this Assembly outside of this House in the manner in which he is doing.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: I submit to you, Sir, that it is a matter of longstanding practice and tradition, and certainly a matter of privilege for all members of this House, that when the government chooses to substitute news conferences outside of this Chamber rather than for factual information given inside of this Chamber then, Sir, that that is a matter of privilege. At least the Member of Rupertsland had the respect of this House to announce his decision in this House..

MR. SPEAKER: Order, please. I shall take the matter that the honourable member raised under advisement.

ORAL QUESTION PERIOD

MR. GEORGE HENDERSON (Pembina): I have a question for the Minister of Agriculture. Has the Minister of Agriculture been able to stop fertilizer companies in Manitoba from selling fertilizer to dealers in U.S.A. at a price so much lower that they can sell it back to people in Manitoba at \$20.00 a ton less than what people in Manitoba can purchase it from the fertilizer companies.

MR. SPEAKER: The Honourable Minister of Agriculture,

MR. USKIW: The Legislature of this province has not given a Minister the power to intervene in that kind of thing.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. SHERMAN (Fort Garry): Mr. Speaker, my question is to the Honourable Minister of Industry and Commerce. I would ask him whether he'll be making a statement in this House on the state of Flyer Industries Limited or whether the House has to rely on the newspaper reports on that situation?

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

MR. EVANS: Mr. Speaker, if the honourable member will take the trouble to read Hansard, and if he will refreshen his own memory, he will find out that I have made several statements with regard to the progress of Flyer Industries Limited in general, and those statements that are made in this House are no more or no less than any statements made outside of this House.

MR. SHERMAN: A supplementary, Mr. Speaker. Would the Minister tell the House about possible arrangements with American Motors Corporation.

MR. EVANS: Well, Mr. Speaker, this particular arrangement had been announced many weeks before the House was in session; this was referred to many many weeks before the House was in Session. I am very pleased to repeat what I said earlier and that is that an agreement, a solid agreement has been signed with American Motors General Limited of the United States whereby Flyer Industries Limited may produce under contract for that company bus bodies for various American cities that may choose to buy such product via American Motors Limited.

I am also pleased to report that because of this agreement, 30 to 40 professional engineers have been in Winnipeg for the past three months and we expect to have them here for at least another six months to help us design the kind of bus that is required for these American cities. As a result of this work and the superb management ability of the staff and management of this company, we expect to probably double or triple the amount of employment and output of Flyer Industries Limited, which is owned 74 percent by the people of Manitoba.

MR. SPEAKER: The Honourable First Minister on a point of order?

MR. SCHREYER: Yes, Mr. Speaker. My point of order relates, again, to the question as to whether or not it is to be normally expected that questions of detail relating to Crown corporations, whether those are the kinds of questions that ought to be expected to be answered in this Chamber. I draw to your attention, Sir, the analogy, the fact that the Minister reporting, for example, for Air Canada or Canadian National Railways in the normal course of events is not expected to answer questions of operating details, of let us say those two Crown corporations, or whether it be Polymer or any other Crown corporation. That, for example, if, Canadian National Railways or Air Canada are to buy twenty or thirty locomotives or DC 10s, these are not questions that are permitted in the normal course before Orders of the Day.

MR. SPEAKER: The point is well taken. I should like to indicate to . . . The Honourable Member for Morris.

MR. WARNER H. JORGENSON (Morris): The First Minister has illustrated very clearly the point that was raised by the Member for Lakeside earlier, the need for this government when they have information to communicate to this House, that it should be communicated at the proper time on the Order Paper so that it can be properly commented upon. The government is attempting to deny this House information that it rightly should have.

MR. SPEAKER: Order, order. I should like to say the Honourable Member for Morris was abusing the point of order by debating. I should also like to say that all other members were abusing the House privileges by shouting so let's all contain ourselves.

I was going to say on the point of order the Honourable First Minister raised, it is true and I distributed to all members a notation "Comments in regards to questions" and the top of that page says, "in putting a question a member must confine himself to the narrowest limits." The first sentence. The same applies for answers. Questions must be answered briefly and distinctly and limited to the necessary explanation. So I think we should all take cognizance of that. Oral questions. The Honourable Member for Fort Garry.

MR. SHERMAN: Thank you, Mr. Speaker. I'd like to direct a question to the Honourable Minister of Industry and Commerce and ask him at whose expense the 30 to 40 American Motors technicians are spending the next six months in the province?

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

MR. EVANS: Mr. Speaker, this involves a very considerable expenditure and I'm very pleased to report to the House and to the people of Manitoba the entire expense with the exception of maybe one percent is undertaken by American Motors General.

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIAK, Q.C. (Minister of Finance) (St. Johns): I'd like your assistance in view of what we've already discussed about what is in order and what is not. I don't recall whether it's a point of privilege or a point of order or out of order completely to attempt to correct a press report of a statement made in this House. Is it order or privilege, I'm not sure? In any event, I gather I'm in order to make that correction.

MR. SPEAKER: It's an explanation.

MR. CHERNIACK: Thank you, Mr. Speaker. I refer to a -- this is the first opportunity I've had to raise this before Orders of the Day -- a quotation attributed to me in the Winnipeg Free Press of -- I think it was last Wednesday or Thursday, I'm not sure of the date -- wherein I was referring to the Honourable the Leader of the Opposition and there is a direct quotation in the newspaper which is incorrect. The correct one was, the correct statement I made was: "one of the great assets that we on this side have."

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, my question is for the Honourable the Minister of Industry and Commerce. Will he give an undertaking to announce in the House while the House is in session any new positions with respect to the MDC taking equity positions in Manitoba companies?

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

MR. EVANS: Mr. Speaker, I think the evidence in the record is quite clear that we have always been ready to announce to the House and to the people of Manitoba any equity position that the MDC has taken, and I can say this is part and parcel of open government.

MR. G. JOHNSTON: A supplementary question, Mr. Speaker. Can the Minister inform the House as to whether or not the MDC has taken an increased equity in Saunders Aircraft?

MR. EVANS: Well, Mr. Speaker, not only have we taken the opportunity to make statements in this House but information is also made available on a quarterly basis in the Manitoba Gazette, at which time the amount of money, whether it be equity or loan, and it's specified as such, put into any company by the Manitoba Development Corporation is spelled out. The terms of the loan or the terms of the equity, the date and the amount is spelled out quite clearly on a regular quarterly basis in an official government publication. This is in keeping, Mr. Speaker, with a pledge that I made during the Estimates debate of the Department of Industry and Commerce last session. I can assure you that if there's any significant change it will be well-known and reported to the members of this House.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. Can he tell the House if he has caused an investigation to be instituted into the activities of the now defunct King Choy Ready Foods Limited, as he indicated

(MR. MCGILL cont'd) . . . he would do last November ?

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

MR. EVANS: Mr. Speaker, I'm glad the honourable member raised that question because another honourable member raised the question a while back and I've been meaning to reply for sometime, unfortunately the Honourable Member for Assiniboia is absent but I presume he will be able to read the Debates and Proceedings of this House. He at that time asked the question, how many directors were there of King Choy and where are they now residing, or words to that effect. I can report that there were three members of the board and two of them reside in Manitoba, one's whereabouts is unknown.

Mr. Speaker, in keeping with our policy of providing as much information as prudent and possible on the activities of the Manitoba Development Corporation I have made several statements about this particular issue in the press which have been available to all taxpayers in Manitoba; we also undertook to engage in a legal audit of the company and we have been undertaking this audit for some months at this time. I have no final report to indicate to the members of this House except to say that the loan itself was a good loan but unfortunately because of certain incidences by certain people the corporation was not successful. What I'm saying, Mr. Speaker, is nothing new, I think we've given plenty of information on this and there's very little more to report at this time; in fact there is no more to report at this particular time.

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

MR. G. JOHNSTON: A matter of clarification to the Minister. Did I understand him to say it was a good loan but made to bad people ?

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

MR. EVANS: Mr. Speaker, it was a loan that was made for a kind of economic activity that made sense for this province and had every chance of succeeding, and we always assume and we try our best to check out that we're dealing with reputable businessmen.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Yes, a supplementary question to the same Minister. When will statements of these audits be passed on to members of this House or will we have to wait for another year ?

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

MR. EVANS: Mr. Speaker, the audits have been made of the operation of this company and I've reported on this. If there's anything new that is of interest and of use to the members of this House I'll be pleased to present it.

MR. SPEAKER: The Honourable Member for Ste. Rose.

MR. PETER ADAM (Ste. Rose): Thank you, Mr. Speaker. I have a question for the Minister of Mines and Environmental Management. In view of the statement tabled in the House last Thursday regarding the flooding of the Assiniboine, and there was no likelihood of it flooding this year, will the Portage by-pass be closed, or if not will it be closed ?

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

MR. EVANS: Mr. Speaker, I'll have to take that particular question as notice and report to the House hopefully by tomorrow afternoon.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, again to the Minister of Industry and Commerce and relating to his press report today on the activities of Western Flyer. Would the Minister indicate to the House whether or not there were any subsidies or financial assistance given to any of the purchasers of buses that he reports other than the purchase from the City of Winnipeg ?

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

MR. EVANS: First of all, Mr. Speaker, I would like to advise members of the House that the name of the company now is Flyer Industries Limited. It is no longer legally called Western Flyer Coach although many people refer to it as such. With regard to the question of subsidies as posed by the member, the Honourable Member for Brandon West, I can say there's been no subsidy paid to any such group that was referred to.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Yes, Mr. Speaker, I'd like to address a question to the Minister of Finance. I wonder if the Minister of Finance would be kind enough to pass out the statement or material that he made on "Broadway Beat", on the show last night about the various authorizations of capital payments that have not expired. Could he present us with that list ?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: I didn't see the show referred to and I certainly have no recollection of making any such statement. I guess I -- I'm sorry, I didn't see the show.

MR. FROESE: A supplementary. If he didn't see it, he was on it for his information. So I wonder if he wouldn't reply to the real question whether the information that he had available at the time, whether he would not make that information available to the members of this House.

MR. CHERNIACK: Mr. Speaker, I wonder if we can arrange for a special showing where I could see that show with the honourable member, but if he's asking whether information should be made or will be made available of authorized capital not allocated, unused, then I think that would be a legitimate question when we are dealing with the Estimates on Capital Supply.

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

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. My question is for the Minister of Mines and Natural Resources. At the same time I want to thank him for the distribution of the maps. The enclosed information card which . . .

MR. SPEAKER: Order, please. The honourable member is making a speech. Would he place his question.

MR. GRAHAM: I'm coming to that, Mr. Speaker. And on this card it's asking for corrections, this is a correction card. Are we to assume from this that the Province of Manitoba is in the habit of giving the public incorrect information?

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

MR. EVANS: Mr. Speaker, it is not necessary for you to make that assumption but at the same time we don't contend that we're God.

MR. SPEAKER: The Honourable Member for Charleswood.

MR. ARTHUR MOUG (Charleswood): Mr. Speaker, I have a question for the Minister of Municipal Affairs. Does Autopac use the same point system to arrive at the cost of insurance of a driver's licence as does the Safety Division of the Manitoba Registrar's Motor Vehicles?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. HOWARD R. PAWLEY (Minister of Municipal Affairs): Basically it is the same demerit point system, Mr. Speaker.

MR. MOUG: Is there a possibility of having a different point system, or different amount of points on your driver's licence in regards to insurance than you would have as far as the Safety Division is concerned?

MR. PAWLEY: I would suggest if the honourable member is thinking of a particular case he bring that case to my attention. Insofar as Autopac demerit point system is concerned, all demerit points pertaining to moving traffic offences are utilized for purposes of assessing additional charges. Now I believe there are certain demerit points that are charged by the Motor Vehicles Branch in respect to non-moving traffic offences and/or such offences as theft of vehicle which would not be assessed in the case of an Autopac additional charge. So I would again suggest the honourable member bring the specific case to my attention and we'll delve further into it.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSON: I should like to direct my question to the Minister of Highways and ask him if he could inform the House the reasons why government automobiles and trucks are registered in Brandon rather than in Winnipeg?

MR. SPEAKER: The Honourable Minister of Transportation.

HON. PETER BURTONIAK (Minister of Highways): Mr. Speaker, I'm afraid I can't answer the question right now so therefore I'll take it as notice.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): I'd like to direct a question to the Honourable Minister of Education. I wonder if he could advise the people of Manitoba as to whether the general foundation mill rate has been set for the coming year and if so what is it set at?

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education): Yes, it has been set and it's remaining unchanged from last year.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, about two weeks ago I asked the Minister of University Affairs whether he could tell me the number of foreign students attending the University of Manitoba. I wonder if he has that information available.

MR. SPEAKER: The Honourable Minister of Youth and Universities.

HON. SAUL A. MILLER (Minister of Colleges and Universities): Mr. Speaker, the answer will be found in Hansard. I believe last Thursday or Friday.

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

MR. GRAHAM: Thank you, Mr. Speaker. On March 22nd I submitted a written question for the Minister of Municipal Affairs. Could he indicate when the answer will be available?

MR. SPEAKER: Minister of Municipal Affairs.

MR. PAWLEY: Shortly, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I'd like to direct a question to the Acting Minister of Public Works and ask him whether the work schedule on the downtown convention centre is geared to meet a convention schedule date? Does it have to be completed in order to meet a convention date already established?

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL DOERN (Acting Minister of Public Works): Mr. Speaker, I can attempt to take that question as notice but I might say at this time that there will no doubt be bookings taken many years in advance.

. continued on next page.

ORDERS OF THE DAY - BUDGET DEBATE

MR. SPEAKER: On the proposed motion of the Honourable Minister of Finance. The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q. C. (Leader of the Opposition) (River Heights): Mr. Speaker, on Thursday night the Minister of Finance brought down his Budget and I would like to point out at the outset that it's my intention to deal with the budget address in my reply under basically two headings. The first will deal with a general approach and has to do with the differences in philosophy between members of my party on this side and with the government, and in that I will not try to be repetitive but will try to deal and highlight those points of differences that I think the record should show exist between the government and ourselves.

The second major heading that I would like to deal with, Mr. Speaker, will deal with the proposed education tax credit program that the government has introduced for next year, not in this year's budget, Mr. Speaker. But because they see that it is necessary for them to try and indicate to the public that there is some relief on the way, because it really is necessary, Mr. Speaker, to try and justify the tax increases that are being asked for today, and in turn to basically cloud the very heavy borrowing for normal operating expenses that the government has undertaken for this coming year, I think it's necessary to examine that so-called shift in detail. And I must say at the outset, Mr. Speaker, because I am going to have to depart from some of my prepared text, that we have only had a weekend to work on this, that is myself, the members of the caucus and some of our advisers. The government of course has, obviously on the basis of what the Minister said, been planning this for so long that they surely had more than a weekend to prepare for it; and although I must admit that there are probably some errors in the presentation that I first proposed, generally speaking there seems to be substantial errors on the part of the government in that proposal which would more or less indicate that we are not going to be receiving a tax shift in Manitoba but a tax shaft - and I'm going to try and point that out in detail.

I would say to the members on the back bench - and I am going to be addressing the members on the back bench, I'm going to ask the members of the back bench to recall in their own mind exactly how much detail you understood when you okayed the Minister and said to him go and present that plan. I really want you to stand up in the budget debate, and that's going to be very important, for you to stand up and say that you understood that the plan that is being proposed will really help those in need in your constituency; because if you did then you misunderstood it as much as the First Minister and as much as the Minister of Finance. And I think I'm going to be in a position to prove this to you pretty satisfactorily.

Mr. Speaker, the budget that was brought down increases taxes in a given year of \$20 million; it's true it's only \$12 million this year but it will be \$20 million annually. Mr. Speaker, the deficit for this coming year is \$95 million. The deficit is \$95 million when you take your capital requirements for general purposes and the deficit and put them together, it's 95, and I don't think that the Minister, who does not really recall what he said on Broadway Beat, is going to dispute that because in fact he did say that. He essentially said if you want to call it 95 million you can call it 95 million. Because in effect, Mr. Speaker, you're taking it from one pocket to the other and all that he did on that particular program, and all that he will do in the House in rebuttal will be to say, well other governments have sometimes included items as capital, sometimes included items as operating, we decided to include it as capital this time and borrow, and this year we didn't include it as operating. So in order to understand the budget, Mr. Speaker, we have to understand that what we're really talking about is a deficit of 95 million.

Now, what the budget does for Manitoba is raise the flag of substantial tax increases in future years. Secondly, it proposes an education tax program which we say will not live up to its promises. The Minister suggests that the government will succeed in relieving \$28 million of the burden of education costs. Mr. Speaker, it is my intention to show that in the years of 1970-71 and '72 and in '73, if we take the normal rise of primary and secondary educational costs in Manitoba that with all the massive shifts that the government has claimed, the people are in the hole by a substantial millions of dollars; and on top of that, they have tax increases which are supposedly supposed to be helping him in this shift, which, in effect are really being applied to galloping government increases in cost because of the inability of the government to control and manage their activities and the public sector correctly.

Mr. Speaker, the budget is a high spending budget. It's a high borrowing budget. It's a

(MR. SPIVAK cont'd) high taxing budget and it is a budget that mortgages the future of the people of Manitoba. Three weeks ago when I was absent when the Estimates were tabled, the tables indicated an increase of \$60 million in expenditures, and, Mr. Speaker, again the perspective; there is \$60 million of an increase in spending; there is approximately \$93 million of borrowing for general purposes, but now tied in as capital; so in effect Mr. Speaker, we have, for Manitoba, an increased spending of \$155 million.

Mr. Speaker, when the Minister of Finance presented his budget he departed from the normal routine and he made reference in his presentation - and he is perfectly entitled to do it, it is up to him - with reference to comments that I made last year with reference to his presentation then. And it is interesting, Mr. Speaker, because if anything it would show the uneasiness with which the Minister approaches this year's budget and deals with last year's estimates of revenue and expenditure. Because let's talk about what we do know, Mr. Speaker, and what we do not know. No one on this side, or for that matter on the government with the exception of possibly the Minister, knows what has really happened last year. We don't know what revenues were realized from last year, nor will we know until next year when the Public Accounts are filed. We do not know what expenditures were actually made. We know what votes for expenditures were passed but we don't know what the expenditures were. We do know that there are \$17 million of additional special warrants.

Now, Mr. Speaker, if the Minister says we balance the budget that means that revenues came up by \$17 million or something else was under-expended, so that the \$17 million of special warrants would be able to apply. And, Mr. Speaker, if votes that were passed by this House were under-expended to allow the Minister to be able to apply revenues against \$17 million of over-expenditure that was not voted on in this Legislature, then, Mr. Speaker, I'd like to know what they are because it is pretty elemental for our understanding of the rise that has taken place in estimates in this past year. So what I am suggesting, Mr. Speaker, is that nobody really knows what happened last year, and not the pious remarks of the Minister of Finance, at this point, or even the chastisement by him of me in any way supports his position, but is a self-serving statement by him to try and indicate that everything was all right. Because, Mr. Speaker, we don't even know how much of what should have been spent last year in expenditures was actually transferred to the Capital Borrowing Authority that the government had in their books for last year and accumulated over a period of time.

In other words, Mr. Speaker, we really don't know what the statements are, we don't know what the records show, and nor will we know until next year. So while the Minister of Finance is prepared to make those accusations I would say to him, put up the figures, show us what you are talking about, indicate the revenues, indicate the expenditures, show us what you under-expended, show us what you received over and above the planned revenues, and then maybe we may have something to be able to deal with.

Mr. Speaker, we know that the rise in government spending is more than the rise in wealth in this province. We know that Ontario, as an example, this year slashed their government spending. Ontario has a different philosophy than Manitoba, and it's rise in expenditures is 4.5 percent increase; ours is approximately 11 percent, but in addition if we add the borrowing it's about 30 percent. Now, Mr. Speaker, this becomes to become pretty important. British Columbia and I know the Honourable Member from Rhineland will be pretty happy, increased their expenditures by 11 1/2 percent but that included all capital expenditures. So Mr. Speaker, we have a problem for Manitoba, and the budget statement the Minister of Finance made, tried to ignore two fundamental points. First, government spending is increasing faster than the economy, and therefore borrowing has to go up and taxes; and secondly, when you start to apply tax credits to taxpayers, that money has to come from somewhere, and if your spending is going up, it is going to come from the taxpayers whom you are paying the credits back to.

Now let's talk in terms of a basic philosophy because I think here the difference is clear. Mr. McHugh in his budget just about a week earlier than the Minister of Finance, made the following statements, and I quote: "It seems clear that Canada is facing a very difficult period for several years ahead unless governments can achieve a correct balance between private and public sector expansion. It is not axiomatic that the only way out of unemployment problems is through inflated public spending; it is not axiomatic that the only way out of an unemployment problem is through inflated public spending. The private sector is still the dominant part of our economy and I believe it now has to take up the considerable expansionary momentum we have provided and carry it forward. The economy needs a period of controlled fiscal thrust

(MR. SPIVAK: cont'd) combined with a reasonable ease in credit conditions. This will make room for monetary policy to stimulate the job, creating the expansion of consumption and business investment."

Mr. Speaker -- (Interjection) -- more unemployment? I think that the honourable member should look at the job formation in Ontario and compare it with the job formation in Manitoba and then we will talk about who is providing more jobs and doing a better job. "In developing the Ontario government's role in this optimum gross strategy, we have sought to accomplish two complimentary objectives: first we have sought to stay within prudent financial limits and to avoid fiscal actions that would jeopardize the province's long-term budgetary control. Second, we are working to improve the internal efficiency of government in order to minimize its claim on the economic resources of the province." Mr. Speaker, there is a basic difference in philosophy between what the Ontario government has done and between what the Manitoba government has done. Mr. Speaker, \$600 million in the red - \$155 million in the red this year. They have 6 1/2 times our population, we have 155 million -- I'm sorry, excuse me \$95 million in the red, we're in proportion, but look at the degree -- no, Mr. Speaker, we're in proportion, but look at the rate of personal income tax, look at the rate of corporate tax, look at the rate of succession and look at the rate of medicare and hospital premiums. Yes, look at the rates, Mr. Speaker, and look at the rate of per capita income, look at the rate of wages and salary rise, look at the rate . . . yes, Mr. Speaker, and when you examine that, Mr. Speaker, don't try and compare this economy.

Mr. Speaker, we have said, -- (Interjection) -- I beg your pardon? Yes, I'm comparing it for one reason, Mr. Speaker. We have said to the government on the opposite side, we recognize the need for public sector involvement but we as well recognize the need for private sector involvement and the whole action of government has been public sector with really no understanding, appreciation or even concern for the business community and for the private sector, and it's reflected in everything that has happened.

MR. SPEAKER: Order !

MR. SPIVAK: Mr. Speaker, you know, the New Democratic Party, the First Minister, Minister of Finance decry economic indicators. If we look at the budget speech on page 4 it states: "We challenge the simplistic emphasis of those who worship at the shrine of the gross national product." And who quotes the national gross product as an indicator of how well we are doing? The Minister of Finance. You know, Mr. Speaker, the Minister of Finance also refers about his good friend, Mr. Benson, and it's because of his association with Mr. Benson, and because of the Premier's association with Mr. Trudeau that we have the same syndrome in Manitoba that we have in Canada, when they both basically say "Well the economy is going along very well, it's very good, but we have a lot of unemployment."

Mr. Speaker, unemployment figures in Manitoba are 24,000. The Minister who conveniently can figure out what unemployment will be in Canada and tell the Federal Government, but can't figure out what unemployment will be in Manitoba and tell this Legislature, has said that the future for the next 18 months looks bleak, and that unemployment can be the same. So, Mr. Speaker, on that basis, with \$400 million in borrowing, with a budget of increased expenditure of \$60 million, with tax increases, Mr. Speaker, we still have a prospect of 23 and 24 thousand people being unemployed next year.

Mr. Speaker, as I said before, the government's program is not crude growth, it's not force growth, it's not selective growth, it's rather slow growth. That's borne out, Mr. Speaker, by the statements of the Governor of the Bank of Canada, Mr. Rasminsky, when he said, and I quote from the article which was quoting from the Annual Report from the Bank of Canada: "Evidence of economic recovery in the West last year was marked in Manitoba according to the Annual Reports of the Bank of Canada," and he said "the evidence of recovery was least marked in Manitoba" - and he talked about the Western provinces - "where despite quite good gains in employment, the rate of unemployment remained around the level of the previous year."

Now, Mr. Speaker, what do the figures and economic indicators for Manitoba really indicate? The gross national product is not an impressive figure if you deduct the 5.5 percentage of inflation, in real terms the gain was 3 1/2 percent, less than that of Canada. Wages and salaries did not rise as a national average; retail sales did not rise as a national average; and you have got to take inflation factors out of that. In real terms by adding \$60 million to government spending, the rise in per capita income in Manitoba has been partially taken away out of the hands of the people and into the hands of the Minister of Finance. And, Mr. Speaker, the

(MR. SPIVAK cont'd) capital spending which shows a 12 percent rise is going to bring us to a level that prevailed in the years that the First Minister continually refers back which were the years of '69 and '68. It's interesting that the wording in the actual speech of the budget speech talks about the resurgence that occurred. Well, Mr. Speaker, if a resurgence occurs and we have a rise, it's because the base before has been lower and we now have a resurgence as a result of it. And, of course, we do. We have a 12 percent increase which is substantial but which is caused by the amount of public sector money and not by private sector money; and for the Minister to make the comparison with Quebec only points out the fact that the base of Quebec is as low as it is and the unemployment problem is as bad as it is that there was a necessity for some kind of rise to be able to meet their problem, and we have the same problem in Manitoba as well.

What the figures say about the strategy of the government is very simple. The rise of government spending is of a higher proportion than a rise in real wealth. We are diminishing in this province, through an NDP government, the wealth of the people and transferring it into the public sector. And the Member from Crescentwood should applaud. Because they are doing that - it shows they are doing it. (applause) You know, Mr. Speaker, I just had a suspicion that he would applaud.

Mr. Speaker, the Member for Crescentwood, the First Minister, the Minister of Finance and the former Minister, the Member for Inkster, and all the others believe in big government. They believe in the highest income tax, they believe in the highest corporation tax, they believe in the highest tobacco tax, they are quite happy to have what would appear to be almost the highest succession duty and gift tax. Well I say almost the highest because we are talking about a complicated formula for B. C. that will indicate that proportionately most people will be paying. They do not have as high a succession and gift tax as we do. They do not have as high a succession and gift tax, Mr. Speaker, and in the poker game that is being played with the Canadian people, by the government, they have already shown their cards and they have been prepared to lift the ante for a good reason; because, Mr. Speaker, they are not going to jeopardize the future in their provinces of development, by, in fact, chasing investment away.

Mr. Speaker, what was needed in Manitoba today was tax cuts, not tax rises but tax cuts to stimulate the economy, through demand, and that demand would have come from the private sector, not just by government borrowing and forcing the economy to move. We also needed, Mr. Speaker, a dramatic gesture to encourage the private sector to reconsider Manitoba.

Mr. Speaker, the members on the opposite side believe that government generates wealth. We believe that people generate wealth. Mr. Speaker, we believe that expenditures in this province could have been cut without raising taxes and that there could have been a deficit of \$4 million, and there would have been a justification for \$93 million being borrowed. We believe we could have accomplished that within this year, we could have accomplished the following: we believe that the full education tax could have been removed from farmland; we believe that the full education costs could be taken from the homes owned or resided in by senior citizens; we believe that a \$50 rebate still could have been maintained for all other taxpayers, and for renters; we believe, as well, that there could have been a 10 percent cut in the income tax of 4.5 of the 42.5 factor to be applied; and we believe that that could have been done with a budget that would have provided a \$4 million deficit, and would have justified the \$93 million borrowing. But in order to do that, Mr. Speaker, the government had to cut the growth in the Civil Service; it had to examine, as Planning and Priorities were supposed to, its government programs, and it had to provide the kind of restraint that would have seen to it at this time in order to stimulate the economy by this kind of effect and demand, that government programs would have been controlled and redundant programs would have been thrown out.

Mr. Speaker, let's look at the revenues for a few minutes. Last year, when we made our presentation and indicated to the Minister that there was some difficulty, we were able to say that because there appeared to be the wrong kind of correlation between the rise in personal income tax, the loss in corporation tax, and the very small rise in sales tax, and we indicated to the Minister by checking other provinces that it just didn't balance. There was something wrong, the figures just didn't work.

Mr. Speaker, it's obvious from the Ontario budget that the corporation tax in Ontario was increased and that government had made an error, or the Federal Government's proposal made had been in error, because there was \$130 million more I believe that Ontario received by way of corporation taxes than originally forecast. Now I don't know whether the

(MR. SPIVAK cont'd) government received more money -- (Interjection) -- Mr. Speaker, I indicated, and I again state, that there was obviously an error in correlation between the figures produced last year, and, Mr. Speaker, it was obvious that with a 15 percent reduction in corporation tax there could not be a similar rise in income tax and there could not have been the very low rise in sales tax.

But now let's look at this budget, Mr. Speaker. Well as a matter of fact I don't know what your figures are and I'm not even sure that you know yet. -- (Interjection) -- No, I'm simply saying that based on your calculations last year and the inability to be able to relate income and corporation and sales tax together, there was justification. I know from Ontario's budget that they received \$130 million more in corporation tax, so I know that obviously their particulars of corporation tax were wrong and I wonder if this was the case here. -- (Interjection) -- That's right.

Mr. Speaker, now let's talk about the revenues. Individual income tax this coming year will rise by \$20 million. The Minister of Finance, the First Minister would all like to say that it's intellectually dishonest to make the following statement. But I'm going to make it. More and more people in Manitoba are paying more and more tax to the Province of Manitoba. The rise in income tax is 16 percent. Now, Mr. Speaker, that means more people in Manitoba are paying more by way of income tax. Mr. Speaker, what happens as a result of the tax reform program and what happens as a result of the application of a capital gains tax into income is that more and more people are being raised into higher and higher brackets and more and more people are going to be paying more and more taxes. That's why the deductions are what they are, Mr. Speaker, and that's why, Mr. Speaker, as well - Mr. Speaker, that's why the statement that I've made is known by the people in the province.

Second, Mr. Speaker, we have an \$8 million rise in corporation income tax which is really only a \$2 million rise over two years ago - unless again there was more money received, and if there was the Minister hasn't told anybody and I don't know what the facts are; and if he knows what the facts are it would be interesting to hear it. I would rather have heard that than his conclusions; not because I'm afraid of his conclusions but I don't trust his conclusions at this time. Mr. Speaker, the rise in corporation tax is 8 million but I suggest is only 2 million over two years ago which I think indicates the state of the economy as far as the private sector is concerned, and indicates very clearly, Mr. Speaker, that the amount of activity in the private sector is not as great as the government would like to forecast. Mr. Speaker, we said that when you placed the Mineral Royalty tax that you were going to kill the goose that laid the egg. And last year, Mr. Speaker, there was \$5 million that was forecast and this year it'll be \$3,200,000; \$1,800,000 less in revenue, Mr. Speaker. Before I deal with the new taxes, and I want to deal with that, I think it's important to point out, Mr. Speaker, that in this budget in order to be able to come close to the \$2 million deficit, the government has been able to carry surpluses that occurred back three and two years ago to a total of approximately \$5 million. This way they've been able to produce the records to be able to indicate the extent of the deficit that is being presented.

Now, Mr. Speaker, there is no way that anyone can effectively understand this budget until we have the detail, chapter and verse, of the capital estimates and capital requirements and borrowing authority of the government. There is absolutely no way in which anyone can understand it until we know what the government is going to be borrowing money for, and the Minister unlike previous occasions is going to have to because we are going to be prepared to stay here and to argue with him until we get it, to have to give us the details of what the money is going to be borrowed for so that we're in a position to understand that effectively and relate it to the expenditures and to the revenues.

Mr. Speaker, of the taxes that are being introduced by the Minister of Finance, the one that appears to have the least effect on the people and the one in which I think they politically believe that they've come up with a very clever tact is the extension of the five percent sales tax on production equipment.

Now, Mr. Speaker, that doesn't affect very many people, it only affects you know, people who are, people in business who require it - it doesn't affect people - they're the ones who are going to have to pay it. Let's understand if we're going to realize \$12 million from that tax, Mr. Speaker, we then are in the position that we have to have about \$240 million worth of merchandise that in fact is taxed. That's a substantial amount of merchandise.

Mr. Speaker, I'm going to make this statement, I've made it before, the Minister of

(MR. SPIVAK cont'd) Finance is going to object to it, but I suggest that these are the facts, and this is the overall effect of the production tax.

The five percent sales tax extension on production equipment will have the effect of a one percent rise in the sales tax for the people of Manitoba because ultimately the consumers in Manitoba are going to be paying that tax and they're going to be paying it because the tax will be applied on the equipment that they use, they will then add to it their normal carrying charges, they will add to it their normal profit and notwithstanding the fact that they have a deduction to be taken from corporation income tax next year or the next fiscal year, it will be passed on and the people who are going to be paying for it are the consumers and the consumers will be the people of Manitoba because 85 percent of that \$240 million will be paid by consumers in Manitoba.

Now the Minister of Finance would like to say no, this is only going to deal with exports. --(Interjection)-- No. He says it's only going to deal with exports. Well, Mr. Speaker, let me say this: It's going to deal with everything that is consumed . . . production equipment in the province and it's going to have to be dealt with by the consumers in the province who are supplied by goods and services provided by people within the province who are going to be forced to pay the additional tax and who are going to add their carrying charges and their profit and the overall impact on the people of Manitoba is one percent. Mr. Speaker, I've talked of sleight of hand and it is a sleight of hand and the consumers are the ones who are getting shafted in here because they don't know yet that they at the end are the ones who are going to be interested in paying for it.

Mr. Speaker, how a government at this particular time could add another disincentive for business expansion or for business locating in Manitoba is beyond me. You almost get the impression that they really don't give a damn whether business does anything here, that they really are, you know -- and this is amazing, Mr. Speaker, that they really are only concerned, Mr. Speaker, they are really only concerned in the growth and the ultimate takeover, you know, the ultimate takeover by the government of the private sector. And when we look, Mr. Speaker, to the -- just the statements, the glowing statements of the Minister of Industry and Commerce who tells us about this and about that and never has produced any facts or figures of how much we have actually lost in the enterprises that government has been conducting and doesn't give us any indication, nor will the government, of really what happens, we have to suspect that more and more of their activity will be in the kinds of Crown corporations in which they are going to be able to eventually push and push the private sector out of Manitoba.

Mr. Speaker, in effect the extension of the production tax is a tax on jobs in Manitoba and in effect what it really means at this particular time is another disincentive for the development by the private sector, which means that people are going to have to be forced to wait until somehow or other the economy of the country is so buoyant that Manitoba will come up a little, for the job formation to take place properly within the province itself.

Now, Mr. Speaker, I want to talk about the education tax credit program. And here I have to say that we've only had 48 hours or a little bit more than 48 hours to work on it. The Minister of Finance had a great deal of time to work on it. My suspicion is that he really only worked on it 48 hours, because, Mr. Speaker, he has either made a colossal blunder or this is a hoax. My intention, Mr. Speaker, is to deal with this in some detail and I intend, with permission of the Clerk in a few minutes to hand out sheets, but I would ask the members to follow me, because my remarks, Mr. Speaker, will be addressed to the backbenchers, and I have to say to you backbenchers, you know, you trusted the government in Autopac and they've made one hell of a mess. You trusted the Minister, the former Minister of Mines and Natural Resources on Lake Winnipeg and those who live around the lake know what kind of a mess he's made. I want you to know, I want you to examine very carefully the promises that are being made here and how they relate to your own particular situation in your constituencies and then you make a judgment of whether --(Interjection)-- you can ask all the questions afterwards. I want you then to be in a position to make the judgment as to whether you will or will not be in a position to go back to your own constituency and tell them the great benefits that the plan is going to be providing.

The avowed main thrust of this budget and of the government's taxing policies is to continue the gradual shifting of the burden of education costs away from the real property tax base in Manitoba. This gradual shift was started by previous governments and the necessity for this kind of shift has been experienced in every jurisdiction in Canada. The spending Estimates

(MR. SPIVAK cont'd) tabled by the government reveal that they intend to add an additional \$9 million to the residential property tax credit program by transferring these monies directly to municipalities to be applied prior to building - and I presume it's prior to building - as credits against real property taxes for education up to a maximum of \$50.00 for homeowners and tenants.

Mr. Speaker, this is a reasonable and easily administered way of easing the burden of real property. We regret it is not more highly selective in its impact; we would prefer to see it combined with steps to remove the apparently ever growing burden of these taxes entirely from farm land and from residential property owned and occupied by senior citizens. But the government has made it very clear that they disagree with us on that. They disagree most emphatically with our suggestion that senior citizens ought not to pay these taxes. So we would say that while we do not think that this program is enough, and while we do not believe that it goes far enough, particularly in respect of those two groups I've mentioned, we believe it is a reasonable and worthwhile step.

But, Mr. Speaker, the Minister of Finance is not particularly impressed by this program. He has announced that he will be doing away with it after this year and he has announced with considerable glee his scheme for income tax credits in respect of property taxes paid for education. For the first year, that is in 1972, the two programs, the increased education property tax credit program participation and income tax credit system will be stacked, they'll exist together. But at the end of 1972 the \$12 million will no longer be directed to municipalities. So that in 1973, Mr. Speaker, when the tax credit system is in force, that \$50.00 abatement of education costs that this year will be achieved simply and inexpensively even before the bills are sent out will not occur. Instead, the Minister has claimed that a total of \$28 million will be paid out in income tax credits. Now since this \$50.00 saving will not occur, if we're to evaluate the tax credit plan, we must remember that in effect there will be a basic increase of \$50.00 to property taxes in respect of education in 1973. To arrive at the real benefit forthcoming from the tax credit plan, it is necessary to add \$50.00 to the taxes paid and then to subtract the amount of the tax credit. The result will reveal the real net benefit of this plan to individual taxpayers in 1973.

Mr. Speaker, there's nothing particularly wrong with this, if the Minister and his colleagues have really stumbled on a more effective and equitable way of easing this increasingly onerous tax burden, then by all means they should use it to replace the present method. Now the drawing up of budgets is always a chancy business. Occasionally budgets will be produced containing such obvious blunders that they can cause considerable embarrassment to the government who created them. Members will remember the very uncomfortable time that Mr. Walter Gordon had when he produced his first budget. It turned out that there were implications in this budget that he had not considered, disastrous implications for our international financial situation. So he was forced to withdraw it and to replace it with a document that reflected a little more cool and reasonable thought.

I'm happy to say that this is not precisely the case with this budget. There are no implications here that the Minister has failed to notice and point out. Quite the reverse. He has noticed and dealt lovingly with a series of implications that simply do not follow from his new income tax credit scheme. The most obvious and tangible of these implications that do not exist is his claim that his plan will place \$28 million in the hands of those Manitobans hardest hit by education taxes. He arrived at the figure by the crude but nonetheless ingenuous method of deciding that 31 percent of Manitobans would receive the full \$140 credit. Since there are by his estimates 274,000 households in Manitoba, he has followed that decision by a little multiplication: 31 percent of 274,000 times 140. He did the same thing with the rest of the figures averaging 120 between 100 and 140, averaging 75 between 50 and 100 and using the figure 50, and very soon, Mr. Speaker, I'm going to ask the Clerk to distribute a sheet detailing this bit of calculation when I want to review it again.

Mr. Speaker, that would be fair enough if there was any substance to his guess that 31 percent of Manitobans could qualify for the full rebate. But you see, Mr. Speaker, if we look closely at his program, at the requirements to qualify for the full rebate, we see very clearly that there will not be 31 percent qualifying. We see that it becomes unlikely that there will be many more. Here, Mr. Speaker, I would have to change, because there would appear to have been an error on my calculation - not on calculations but on assumptions and I'm going to ask the Minister to clarify this in a few moments by asking a direct question. But it would appear

(MR. SPIVAK cont'd) to me that there will be probably 10 percent who will get the full \$140 in Manitoba. We see that his claim about 74 percent who will receive over \$100 is absolutely impossible given the scheme as he has outlined it to the House.

Before the Minister and the Member for Winnipeg Centre and all the other friends on the other side renounce me, I would ask that they bear with me for a few moments. I want to take them through a simple exercise in arithmetic and it is I suppose what David Cass - Beggs would describe as mere schoolboy arithmetic but I hope it will cast some light on the income tax credit plan the Minister took such joy in announcing. To simplify things for all members I prepared some little sheets with figures and examples and I'm going to ask the Clerk in a few moments to distribute them to the members so that you can follow my schoolboy arithmetic. But before getting into the nuts and bolts of it I'd like to remark on a curious feature of the plan as --(Interjection)-- you'll get the figures, don't worry -- as outlined by the Minister - and a feature that could lead one to believe if one approached it with an open mind, that in its basic inception this plan will fail in its announced purpose of applying education tax relief in any substantial way to those who need it. This is a feature that results in a very real discrimination against the housewife. We will call it for purposes of brevity "the housewife discrimination factor". Now I'm going to explain that, Mr. Speaker. And while calling it the housewife discrimination factor may appear flippant, let me assure all members including the Member from Osborne that this is a serious factor indeed because it cripples the ability of this plan to respond to the real income situation of families. You see, Mr. Speaker, the definition of married and single persons used in this plan are whether one is married or single for tax purposes. If two spouses are both employed, then both file income taxes as single persons. The tax credit under the government plan would be paid in respect of the gross income of the highest income earner in the family, that is the size of the tax credit is sensitive not to family income, not to the real economic position of the family, but to the gross income of the highest income earner. Where both spouses are employed this figure will tend to understate the economic resources of the family. In fact another family with exactly the same total income but earned by only one spouse will qualify for a considerably smaller income tax credit although their economic resources are exactly the same. We estimate that fully one-half, now this is important, Mr. Speaker, fully one-half of the income tax credits will be claimed by persons who for tax purposes are single. We make this guess by considering that there are by the Minister's estimates 274,000 dwelling units in Manitoba and that there are 427,000 personal income tax returns filed so far. The situation would see the government's proposed plan responding not to the economic situation of the family, not to the real family income but to the gross income of the highest income earner as at the base of the housewife discrimination factor. I have distributed and will discuss some examples of the size of this discrimination impact of this plan.

Now this is a serious inequity, Mr. Speaker, but I suppose it is the kind of thing that can easily crop up when a complex plan like this is put together in a hurry and the Minister has informed us that he received Federal Government approval for his plan just hours before he presented it to us. I hope that he will take another look at this aspect of it. Well I believe it was indicated in one of the articles in the paper, that may or may not be true, he may clear it up before he tries to put this plan in effect. And while he's considering this particular aspect of the plan, Mr. Speaker, he may wish to give us a little thought on just who the 31 percent of Manitobans are who are going to qualify for the \$140.00 tax credit. I suggest that he will have real difficulty with that because the simple fact is that if he described the plan correctly, and he was most emphatic that he wanted it included in Hansard, there are not many people who will qualify. But to make his search for them a little easier, let me describe some of the characteristics that an individual must have in order to get the full \$140.00 tax credit.

First, the individual must be married and his spouse must not be gainfully employed. Second, he must have at least one child. Third, his gross pay must be less than \$300.00 per month or about the minimum wage. Fourth, he must pay at least \$117.00 per month in rent, or he must own a house worth at least \$12,000.00. At that rate if he were renting his rent costs would be equal to about 45 percent of his take-home pay. Now, Mr. Speaker -- (Interjection)-- Aw come on. Okay. Mr. Speaker, I'd like if --(Interjection)-- Mr. Speaker, I suggest it is not Sesame Street. I suggest that this is what the Minister has said in his Budget Address. I suggest that if this is not the case he's going to have to withdraw and make another presentation. Now I'd be the last person to argue with the Minister when he says that

(MR. SPIVAK cont'd) people in this position, that is the position of earning minimum wage, and I would ask that you wait until I deal with this in a more direct way than I have so far because otherwise it will become a little bit difficult I think. I would ask the Minister to indicate that in the example that I give him, a person earning minimum wage would have to take 45 percent of his take-home pay and apply it to rent or for ownership of a home. Now I'm sure there are some people like that in Manitoba but I do not think that they are the 31 percent that he's talking about.

But I must express a little surprise to find that the Minister believes that 31 percent of the people in Manitoba are in that position. Now a few more of his Budgets, Mr. Speaker, and I suggest that that may become true; we may very well be there. That person I've just described does qualify all right. But now I'll tell the Minister some of the people who won't qualify. If a single senior citizen has to live on his old age pension alone, if he has no other income, he won't qualify for the full \$140.00 simply because in order to pay enough land or school taxes to qualify he would have to devote about 90 percent of his income, his gross income, for payment for shelter. Married senior citizens living on old age security alone won't qualify for similar reasons. Young couples, both of whom are working for low incomes, won't qualify because their income is too high for the full tax credit, and in most cases they can't afford to pay high enough rent to qualify anyway. No single person will qualify; no one married to a working spouse will qualify; no one who does not pay school taxes or rent will qualify, this will include students and reserve Indians. The only farmers who will qualify, and, Mr. Speaker, here I am prepared to admit, and I wonder if the Minister of Finance can give me his attention just for a few moments --(Interjection)-- No, I'm not asking to listen to him because I wanted the record to be clear and he may --(Interjection)-- I think you will afterwards. My feeling is that the Minister of Labour will have to listen to what I have said afterwards.

I would say to the Minister of Finance that here because of the confusion in the presentation of the statistical information in your Budget Address which I assume is intended to be printed in the final Budget Address to be handed out to the brokers in Manitoba to talk about the financial position of the province and the management of the government, you have confounded the situation and I admit that there is an error in my presentation now because of the confusion with respect to farmers dealing with gross income and taxable income. Because, Mr. Speaker, if we are talking in terms of farmers, and talking in terms of taxable income, recognizing that there is five-year averaging for many that will take place, and recognizing that in terms of their deductibility before their income tax liability occurs there's depreciation and other factors that would come, it's quite possible that the statistical information that I have been able to work out is incorrect and I admit that now. But I do not believe that the Minister is in any position to inform this House that the large percentage of farmers that he states will be qualifying, will in fact qualify. Because it would appear to me that for sure the only farmers that would qualify would be the ones who are in the low -- earn gross income at about the bottom ten percent, and many of whom have other income other than farm income.

So, Mr. Speaker, I'm going to ask the Minister at an appropriate time in the Budget debate to stand up and tell us who the 31 percent are who will get the \$140.00. They aren't the pensioners; they aren't the young working people; they aren't the students; they're not the Indians, and they're not many of the farmers. The Minister said that 23 percent of the pensioners and 66 percent of the farmers will receive the full credit. I doubt that he can prove that. Well if he described his plan accurately, and I think he did, they will not, Mr. Speaker. In fact, Mr. Speaker, I must regretfully tell the Minister that his 31 percent do not exist; that he has come before this House without taking the trouble to find out what he is talking about; that his income tax credit plan is an empty plan; that under the rules he has described to us it is simply impossible for him to spend \$28 million in income tax credits as much as he enjoys spending.

And I would ask the members of the Legislature to look at the last page of the four pages that were delivered to them and I want to if I may just deal with the item of how we arrive at \$28 million. There are 274,000 dwellings and units, units in the province. The Minister of Finance says that 31 percent owners and renters will receive 140, a further 43 could receive credits between 100 and 140 - we've averaged them at 120 - some 21 percent will be entitled to minimum payments and we have done this to try and come to the \$28 million figure that the Minister has suggested. I suggest, Mr. Speaker, that the Minister has indicated that 74

(MR. SPIVAK cont'd) percent of the people will receive credits over \$100.00, and he's going to find a very hard time getting any substantial percent that in fact will qualify. When we deal with the examples that I have in front of me, and I'm going to deal with them at some length, I think the members opposite may reconsider some of the statements that they've made with respect to questioning me, and I think they may go back in their own caucus and start questioning their own Minister.

Mr. Speaker, the 31 percent figure is a phoney figure; the next 43 percent is also a phoney figure. Now if he had understood and described his plan correctly, those figures are not true. Now I want the Minister and all the other members to accompany me on a search for the 43 percent between 100 and 140, and the 31 percent that are 140. And I've selected a number of examples that provide a sort of cross-section of the population of Wolseley constituency since I know --(Interjection)-- yah, since I know that that particular part of Manitoba is much on the government's mind and on the Premier's mind. And I know that he would --(Interjection)-- Oh it's not on my mind at all. I know that he will agree with me that the people in that constituency have a right to know roughly what benefits will really accrue to them because of the Finance Minister's wonderful tax credit plan.

Now let us begin with the examples of low income renters. I would ask the members to follow me in this. I would refer members to Example No. 1 on sheet no. 1. Example No. 1 is a senior citizen with a gross income of \$1,500. He has single status for tax purposes. He pays a total rental of \$600.00 per year at \$60.00 a month, and I -- \$50.00 a month, I'm sorry, so \$50.00 a month. And, Mr. Speaker, I am satisfied that this relationship of \$600.00 to his gross income is a correct one based on statistical information that I have been able to obtain. I would point out that this rental is more than 25 percent of his gross income. Under the Finance Minister's wonderful plan he is entitled to a tax credit of \$60.00. This is less than \$100.00 so we can decide that he's not among the Minister's top 74 percent. That is a senior citizen living on his own pension is not within it. If we take a look at 1973 when the present tax reduction program has ended, and his entitlement to the \$50.00 reduction tax credit is also ended, he will have benefitted by a net of \$10.00 from the Finance Minister's plan. -- (Interjection)-- But, Mr. Speaker, we are still trying to find the 74 percent and we know that it does not include the old age pensioner.

Now let us look at Example No. 2: Example No. 2 is a low income couple. They have one child and a gross income of \$250.00 per month. Now that is below the welfare income level but there are people in Manitoba who prefer to live on that kind of income rather than go on welfare. They pay a rent of \$900.00 per year, again this is over 25 percent of their gross income. They are entitled under the Finance Minister's plan to a tax credit of \$90.00. In 1973 when the tax reduction program is ended they will be better off by a net of only \$40.00, so they don't make it into the Minister's mythical 74 percent of \$100.00 either.

But we were convinced that it was possible for someone to be in that 43 percent and so we devised Example No. 3. And, Mr. Speaker, here's where we get Example No. 3. Example No. 3 is a low income couple with two children. They have a gross income of \$300.00 per month and that would be minimum wage and they pay \$1,200 in rent each year. This leaves them with only about \$150.00 per month for all other expenses, food, clothing, entertainment, medicine and dental bills. But they so want to fill out the Minister's 74 percent that they are willing to try and get on there, and they succeed, Mr. Speaker. They are entitled to a tax credit of \$120.00. At last the members of the total --(Interjection)-- total education tax. At last members of the exclusive 74 percent are found. Of course in 1973 when the tax reduction program is ended they will only be better off by a net of only \$70.00, but that is better than nothing, Mr. Speaker. Now if those three examples prove anything they prove that the members of the Minister's 74 percent are not going to be found in the great numbers among low income renters. But perhaps there are low income homeowners and so I'd ask members to consider the second sheet of examples. And, Mr. Speaker, now let me come back to the Example No. 3 of a \$3,600 low income couple renter. They are paying \$100.00 a month rent. They are paying a substantial portion, Mr. Speaker, they are paying 33 percent of their income towards rent. And, Mr. Speaker, this is the exception rather than I think it's the rule.

Mr. Speaker, let's now look at Example No. 2. Mr. Speaker, we've got to find 74 percent of the taxpayers who are paying education tax and we know that the low wage earner, and we know that the senior citizen and the old age pensioner is not going to be included. Now let's look at what happens to the low income renters.

(MR. SPIVAK cont'd)

Example No. 1 on the second sheet -- we refer you to the second sheet -- is an elderly widow, widower, or even an elderly couple. Their total income is only \$1,500 per year because remember one will be declaring as the income tax -- income tax payer, all right? He'll be filing. They live in a house with a sale value of only \$3,000, which means it's probably a rural house --(Interjection)-- \$3,000 in rural Manitoba, in rural Manitoba. I didn't say all these examples --(Interjections)-- its assessed value, its assessed value --(Interjection)-- Mr. Speaker, no matter how the members opposite may want to quarrel or even question with some of the figures and I'm sure that they can bring examples, Mr. Speaker, I can tell you there is absolutely no way because of a basic contradiction in the plan that was devised by the government, which I'll explain later, there is absolutely no way in which 74 percent of the people of Manitoba will receive a credit of \$100.00 and over. --(Interjections)-- Mr. Speaker, there is no way in which they will receive -- Mr. Speaker, let me quote from the Minister's Budget Speech. "About 31 percent of the owners and renters of these residences could receive the maximum" -- they could -- "some further 43 percent could receive credits of 100 to 140" but, Mr. Speaker, in order for the government to justify that it's giving \$28 million and the calculations are there, 31 percent had to receive 140, 43 percent had to receive an average between 100 and 140, and the remaining 21 percent to receive between 50 to 100, which is 75, and the remaining had to receive 50. In other words, Mr. Speaker, the government has either made a colossal blunder in the amounts that they are providing -- we have \$28 million -- or they were intending to provide a hoax to the people of Manitoba by saying we were giving much more than they actually had to give. Because when the Minister replies back to me and saying, are you not saying that 74 percent may not have their education tax paid, that may very well be, Mr. Speaker, and if that's the case, Mr. Speaker, if that's the case, if that's the case, then the Minister of Finance is going to have to stand up and tell the members on this side how he arrived at \$28 million and now, Mr. Speaker, he can't do it because he's wrong.

And as a matter of fact what will happen, Mr. Speaker, is we are going to have to do one of two things. We are going to have to withdraw this and bring in a plan that will work, which is my suggestion or, further, Mr. Speaker, we are going to have to revise down the \$28 million figure into a more realistic figure and then, Mr. Speaker, we can really talk about what kind of tax shift is taking place in the province, and who is being shafted rather than receiving a shift in Manitoba.

Now, Mr. Speaker, let's go through Example No. 2, and we'll now talk --(Interjection)-- All right let's deal with No. 2. Sheet no. 2, Example No. 1. Let's deal with an elderly widow, widower, or even an elderly couple. Their total income is \$1500 per year, they live in a house with a sale value of only \$3,000 which means it's probably a rural house. Its assessed value is \$1,200, and their mill rate for education only is 35 mills which is high. Their education taxes are \$42.00 per year which means they will be entitled to an income tax credit of \$42.00. But at the present time --(Interjection)-- I'm sorry \$21.00 -- but at the present time - yes, I'm sorry, you're right. But at the present time they are required to pay tax reductions because the government tax reduction -- I'm sorry I gave them a reduction of \$42.00, it was more than they were entitled to get.

Mr. Speaker, I must tell the Minister, and I say this in all honesty, we've only had 48 hours to work on this, the government had substantially longer, but I would say to you that whatever errors, Mr. Speaker, that I have made, are nowhere near the proportion of the errors that the government has made and the members on the opposite side are going to have to have to examine this very closely when they start to think in terms of their own areas, because in effect what this really has done, and the basic contradiction is so obvious, that in effect, you have tried to give a benefit to low income earners who are in the impossible position of paying the higher rentals and the higher education taxes and therefore as a result of trying in effect to combine a negative income tax with a tax rebate program --(Interjection)-- the Minister of Finance can say anything he wants afterwards -- but I suggest that with the intent to try and basically provide both, you have actually fouled it up in a way that is it not workable and is not reaching the area needed, and there is not \$28 million being poured in. And if there is a desire for \$28 million to be poured in - and I think that is what the back-benchers want in this thing, and I think if we are going to do that is what is required - then you are going to have to revise this whole plan so that the people in need are going to be able to receive it.

(MR. SPIVAK cont'd)

Now, let me now deal with Example No. 2. Example No. 2 in this sheet is an elderly couple, a widow or a widower, or a low income couple with one child. Their gross income is \$3,600 per year. The sale value of their house is \$6,000 and its assessed value is \$2,400. They have the same high 35 mill education rate, so they are required to pay \$84 in school taxes. Since their income of \$3,600 is so high under the Finance Minister's scheme, they will not receive this full amount in tax credit, instead they will receive only \$78, which means that they will be only \$28 better off than they are at present. It also means that they do not make it into the Minister's top 74 percent.

MR. CHERNIACK: The amount you quoted is wrong . . .

MR. SPIVAK: Mr. Speaker, the Minister of Finance is going to have a chance. Mr. Speaker, I'll tell you right now I would be prepared to admit that I have made some mistakes if the Minister will now --(Interjection)-- but I will do that when the Minister announces two things, first that the plan has to be altered and changed; secondly, that in effect there is no \$28 million proposed in this tax shift at all. That's an interesting theory too.

Example No. 3 on this sheet is a low income couple with two children. The income of their highest wage earner is \$420 per month gross. Their household has a sale value of \$15,000 and an assessed value of \$6,500. Their mill rate for education is 35 mills, so their total tax payable is \$227.50. They may get into the Minister's 74 percent; they will get a tax credit of \$127.00; even when the present \$50 abatement ends they will be \$77 better off; but the principal, interest and taxes on the mortgage they will be paying on the \$15,000 house, while it can be very . . . would probably be in the neighborhood of \$160 per month or about 40 percent of the probable take home pay from that kind of income.

Now I hope I've made my point clear, Mr. Speaker. Mr. Speaker, the Minister of Finance can laugh all he wants, but I'm going to now say to him that with all his advisors, with all his experts, with his application I think he spent less time in the preparation of this particular plan, and I am sure that the caucus spent less time than I did. I admit that there are some errors in the arithmetic but I suggest that you made a fundamental error in your proposal, and if you examine it you will realize it, and you will realize how directly what I am saying relates to the proposal and the intent of what was forecast by the Minister; it just doesn't gel.

Mr. Speaker, now let's deal with Example No. 3 which is the housewife discrimination factor. Now case No.1 is two families, both with a gross income of \$6,600. They both pay \$120 per month in rent, but in one family the income is earned by both spouses, one working for \$3,600 a year and the other for \$3,000. In the second family the entire \$6,600 is earned by one spouse. Neither has any children. The first family will receive an income tax credit of \$121.00; the second will receive only \$95.00. The incomes of the two families are the same, their rents are the same, and therefore their participation in school taxes are the same. So the housewife discrimination factor in this case is \$26 and that factor will be the same if both families own houses valued at \$12,000 with an assessed value of \$5000 and an annual school tax load of \$175.00.

Case No. 2 is two families whose incomes are both \$8,600. They pay the same \$120 in rent or they own that same house and pay the same \$175 annually in school taxes. If one family gains a total income from both spouses, working at salaries of \$5,000 and \$3,600 respectively -- I'm talking about Example No. 2 on page 3 -- if one family gains a total income with both spouses working at salaries of \$5,000 and \$3,600 respectively and the other family is supported by one income earner who makes \$8,600 the first family will receive \$107 in income tax credit, but the second only \$85. Here the housewife discrimination factor is \$22. And it's interesting to note, Mr. Speaker, that the discrimination factor gets smaller as income rises. In other words, the discrimination factor is lowest at those who have low income, and as it rises it diminishes.

So if I may recapitulate, Mr. Speaker. This plan will not do what the Minister told this House it would do; it will not provide \$28 million in tax relief. The rules he describes of the plan make it impossible; it will not provide the relief to those who need it most; it will not provide the relief in any equitable way on the basis of real family income; and the plan won't work.

The Minister introduced his plan last Thursday and basked in its glory for one weekend. It is fitting that the plan should only last one weekend before its being renounced, because in

(MR. SPIVAK cont'd) view of the obvious and gross mistakes in simple calculation on his part, and I admit on my part, I cannot believe that the Minister spent more than one weekend dreaming it up. The Minister can't tell this House that he spent a great deal of time dreaming this up because if he did then he would have realized the error in the presentation. It does not work; it doesn't do what the Minister told us it would do; it doesn't do very much of anything; and it's the highlight of this budget. It's what the Minister announced with so much pride Thursday.

Mr. Speaker, my suggestion is that the plan will have to be withdrawn, that it has to be reconsidered, that the Minister find someone who can help him design a plan that will work; that he check, not only my arithmetic, but his arithmetic, and that he do his own homework. That in future he spare himself and his government the embarrassment of coming into this House and before the people of Manitoba, with what is really a half-baked, ill-thought out shambles of this tax credit plan, because, Mr. Speaker, that's what it really is. And I suggest, Mr. Speaker, that the honourable members and the people of Manitoba take a lesson from Autopac, and take a lesson from the fact that it takes time to figure out, and work out things, and that they should not make the announcement in an attempt to foist them on the people of Manitoba without knowing what they are doing.

Now, Mr. Speaker, I want to now talk about the actual rise which has occurred in the primary and secondary education costs in Manitoba. In 1970-71-72 and forecast for '73 to see whether the people in Manitoba are in a better position than they were before. The Minister of Finance's Budget Address claims that the Social Democratic was given a mandate by the people of this province to develop budget policies which will promote the further equity of the human condition in Manitoba. We have responded to this mandate and apparently this response is the Education Property Tax Credit plan, which the Minister triumphly calls a massive and most significant tax decrease and redistribution. Now even if the generous assumption is made that the Education Property Tax Credit Plan will work in its announced form, the government's actual record in reducing and redistributing tax burdens is less than modest, and I can prove this by the following figures.

First let me now talk about the increase in the total cost of Manitoba's primary and secondary education systems in the year 1970-71-72-73, and this is based on general costs, these are rounded, my figures are approximate, and I am prepared to accept any exact figures that can be produced by the Minister.

In 1970 education taxes in Manitoba went up \$14 million; in 71, \$15 million; 72, it will go up \$16 million and I would forecast \$17 million by 73. The total increase from the base of 1970 which was the first year of the NDP government's budget, is \$62 million. Now the actual shift that has occurred in Manitoba; in 1970-71, it was \$3 million; in 71-72, is \$17 million; in 72-73, it is \$12 million; and even assuming at this point and I won't -- I will for this purpose right now -- that the \$28 million is real, the 28 million plus the six million for Foundation, less the 12 million that is going to be deducted next year, would mean 22 million for next year, or a total of \$54 million. So, Mr. Speaker, the result is that in four years taking next year, the massive shift that the Minister of Finance has said will take place, will result in \$8 million more being added to the taxpayers of Manitoba's real estate tax for education tax purposes over 1970, so in effect, all that has really happened, Mr. Speaker, is that we have been able to meet the increasing burden, but there has not really been any shift taken off the taxpayer. Now, Mr. Speaker, if my figures of what the Minister is proposing are correct, which would indicate not a \$28 million shift, but a 21 to \$22 million shift, then the actual burden is not 8 million but is about \$14 million, so that taxes will have gone up on education, on real estate in Manitoba, notwithstanding what the Minister has said, by that figure, and it will have gone up substantially by another \$12 million for sure because \$12 million of that is going to be taken out of income tax. So that next year when the taxpayers of Manitoba receive their tax bills, and we by God, better have an election before that because they are going to be damn mad when they find out about that, they're going to be paying \$12 million more plus on their tax bills on education. Now the Minister seems a bit puzzled. I'll go over those figures again, Mr. Speaker, in four years, including next year, education tax in the primary and secondary will rise to about 62 million. The actual credit, assuming that it was 28 million, and I'm not suggesting that it is, but assuming it, it would actually amount to 54 million so taxes would have gone up 8 million. --(Interjection)-- Costs have gone up, but the truth of the matter is this that you have increased taxation, by this year and next year by \$32 million, that have nothing to do with education taxes at all, that are in fact to cover government

(MR. SPIVAK cont'd) spending and that instead of allowing the growth and wealth in the province to be able to be taken to reduce the burden of taxation, all you have done is met the increasing cost of education and, Mr. Speaker, that I suggest is not the kind of major shift that the Minister of Finance is suggesting to the people really took place in Manitoba. And that's what I say, Mr. Speaker, - I say that what the Minister of Finance attempted to try and develop and create was a posture of a great shift, which is not a great shift, which is only meeting the costs, and that the increasing of \$32 million of taxation between last year and this year realistically has to do with the inflated growing government expenditure independent of taxation and not dealing with this particular item itself.

Now, Mr. Speaker, I'd like to as well deal with what we would have proposed. Mr. Speaker, we believe that government spending could have been reduced to \$547 million in Manitoba, and you could have borrowed \$93 million to cover your programs. We believe that operational expenses could have been cut by \$55 million and we would then have been able to remove the education tax on farmland, which was \$15 million, remove the education tax off pensioner's homes, which was \$5 million, continuation of the 1972 rebate for next year which would be \$7 million, this year \$7 million, which would have been a further tax shift of \$28 million, leading to the \$547 million budget. We believe that we could have reduced personal income tax by \$14 million; we would not have to increase the taxes by \$12 million, and we would not need the revenue from the estate tax and gift tax, and we would have in deficit by \$4 million. Now, Mr. Speaker, we believe we could do this, and we could have done this by the application of criteria that should have been applied by the government, and should have been applied to the government spending.

Last year in the budget debate I stood up and indicated to the Minister that we were prepared on this side to recognize that borrowing was a necessary fiscal tool, and were prepared to accept it. We were prepared to accept borrowing, provided that there were accompanying tax credits and tax shifts to people in need to stimulate the economy, and what we have is, we have borrowing with a promise of a tax shift that is not as great as is first suggested, and we have a deficit and we do not have the kind of stimulus and demand in the economy that we think is required.

So, Mr. Speaker, I will close my remarks by referring to the conclusion of the Minister of Finance. The Minister speaks of what he calls the twin thrust of fiscal policy of his budget. He describes his income tax credit scheme, and I am quoting, "as the most significant tax decrease and redistribution yet undertaken in Manitoba". That's all poppycock. The Minister goes on to promise us, and again I am quoting "the greatest benefits will be received by those individuals and families in low and middle income groups". Now, hear, hear, does anyone on that side really believe --(Interjection)--you do. Then you are really sillier than I thought you were. The Minister goes on to promise, again I'm quoting, "that the greatest benefits will be received by those individuals and families in the low and middle income groups". He then goes on to quote some more of his incorrect statistics. His closing, and his entire speech is beautifully written. If his \$25, 000 a year economic advisers could understand the economics required to straighten out his plan as well as they write purple crows, the Minister would not find himself in the position of having introduced what I suggest is an unworkable plan for the ones who we want to meet in need, supported by unsubstantiated guesses and untrue claims. Now I think I have made it clear, Mr. Speaker, by using the examples, that the Minister's plan is a failure from its inception. I think I have pointed out the ways in which it will not work, and I believe that the Minister, although he has been careless and ill-advised in bringing forward this particular scheme in its present form, I believe that the Minister is too honest a man not to be a little doubtful about it really being the most significant tax decrease and redistribution yet undertaken in Manitoba. Rather it is probably the most serious blunder yet perpetuated in the Manitoba Budget.

Mr. Speaker, this budget is going to be printed to the people who finance this province, and I suggest that he is going to have to consider very seriously what I have said, and the implications of the arithmetic and the calculations and the proposals that he has put forward.

Now the Minister and his colleagues have a chance to right the blunder. I would urge the members of the backbenchers to go to the Minister and ask him to explain to them how the plan works.

A MEMBER: Let's go to a caucus for a change.

MR. SPIVAK: That they shouldn't settle just for a speech from the Minister that is as

(MR. SPIVAK cont'd) carefully written, they should have . . . one that's less carefully written, but together with a plan that would work to bring real tax relief to those who need it. Now on the backbenches it is often necessary to take for granted that the members of Cabinet know what they're doing. But I wonder if the members opposite can easily forget Autopac and Lake Winnipeg, because this is another example. If Cabinet Ministers do not know what they're doing, the Minister of Finance would not have made those statements, statements that are now patently false and ridiculous; if he had understood his own plan when he came before us. Now, Mr. Speaker, his plan is based on two contradictory tax factors. First it is based on school taxes paid, a function of housing costs. In a very real way the amount of school tax paid is a measure of our prosperity. Those who are well off can spend large amounts for housing, and consequently will pay relatively large amounts in property taxes in respect of education. To qualify for a large tax credit then under the Minister's plan citizens must enjoy a high level of prosperity as reflected in their housing costs.

The second factor determining the size of the income tax credit is an inverse relationship to gross income, that is, the plan allows for high credits for those who have very small gross income. So in effect to qualify for a high tax credit under the Minister's plan, a citizen must be prosperous enough to pay very high housing costs and on the other hand earn a very small gross income, and that's the basic contradiction, and I want to repeat that. In effect to qualify for a high tax credit under the Minister's plan, a citizen must be prosperous enough to pay very high housing cost, and on the other hand earn a very small gross income.

These two requirements are contradictory and are the obvious cause of the failure of this plan and so the Minister's lauded first thrust is a mockery and a blunder, and a second thrust he calls expansionary. And I told the House that I believe his Budget includes tax increases of about \$20 million, and I think that he acknowledges that in a given year. And a deficit for this year of \$95 million achieved by an inappropriate charging of operating costs and to capital.

Members opposite ought to consider the Minister's tax credit plan. Now you are going to have to make a decision whether he was wrong about that or not. If you're prepared to say no, we can admit that we've made a mistake, he's right, then you try and bear the consequences of the proposal that you're going to be putting before the people because it will not be bought. Because there's no \$28 million. --(Interjection)-- We'll increase it next year. Well we're making promises for 1974 and, Mr. Speaker, you know, it's not only the Minister of Finance is a magician it's the Minister of Agriculture who's a magician and I must tell you, Mr. Speaker, when we get through with the Minister of Agriculture in this debate, I think we're going to be able to prove that he also tried to pull a few things out of his hat.

Now he goes on talking in his speech of increasing demand, this is the conclusion. If his income credit scheme were real, if it would really put increased purchasing power in the hands of those who need it, those with high marginal propensities to consume in the hands of pensioners and farmers, then he would have increased demand in Manitoba. But his plan doesn't do that. He has diminished demand. He has now said he's content to live with our current levels of unemployment for 18 months. He says in closing his speech that he has reaffirmed his dedication to his mandate. Well the people of Manitoba did not, I think, give this government a mandate to advance schemes that will not work, whether in automobile insurance, or in tax abatement. If the Minister will now do the homework and study he ought to have done before presenting the Budget, he may succeed in salvaging something from his budget. He still has a chance to take real steps to give tax relief to those who need it the most.

Now in closing I'd like to once again refer to the alternative that we urge the government to undertake. Now our program the Progressive Conservative way, and after viewing the rude hulk of the Minister's program, who can dispute that that it's a better way, would have been to remove all school taxes from farm land at a cost of \$15 million which would have been an average to farmers of \$500.00; to remove all school taxes for residence owned and occupied by senior citizens at a cost of \$5 million; to reduce personal income tax by 10.6 per cent or 4 1/2 points, at a cost of \$14 million, while continuing the \$50 school tax abatement program for all in Manitoba. With cost cuts, and I state again our determined belief that the application of strict controls to the growth of the public service and to the run-away spending of the Department of Health and Social Development, can result in real savings to the taxpayers of the province, with cost cuts this would result in a budget of \$547 million including a \$4 million deficit.

(MR. SPIVAK cont'd)

Now I ask the members opposite if they would not feel more confident going back to their constituencies with this kind of a budget than with the empty razzle-dazzle of the Minister's income tax credit scheme.

And finally I should say that I do not expect this government or any government to come up with an overnight solution to the problem of education costs. In Manitoba alone we have tried tax rebates and foundation programs and now this ill starting of tax credit program. Education costs have continued to climb faster than our Provincial Government remedies, but if we cannot solve this problem overnight, we must at least remove from the education tax roles those groups who suffer most serious and most permanent harm by the ever higher tax burden. We must remove the farmers and the senior citizens --(Interjection)-- the Minister speaks - we must remove it for the farmers and the senior citizens. The Minister speaks of being humane, well that would have been a step that would have been humane. And if the Minister will withdraw this empty budget with his plan that does not work, I promise him that the members of my party will support him in a move to take the school taxes off the property of those two groups, the farmers and the senior citizens and since the Minister of Labour objects so strongly to any relief for pensioners, we will also support a bill that will explicitly and specifically exempt him from any benefits of such a plan.

And so, Mr. Speaker, I move, seconded by the Honourable Member for Lakeside that the motion be amended by striking out all the words after the word "that" in line one, and substituting the following: "That this House regrets that this government

- 1) Has again failed to control government spending;
- 2) Has failed to remove education taxes from farm land and from the homes of our senior citizens;
- 3) Has failed to provide income tax cuts required to stimulate the provincial economy; and
- 4) As a consequence of its ability to control and manage its operations in spending, has increased taxes, mortgaged the future of Manitoba, and added to the debt burden of the Manitoba taxpayers."

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Osborne.

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MR. IAN TURNBULL (Osborne): Mr. Speaker, the Leader of the Opposition has asked for any backbencher to reply to his speech on the Budget presented by the Minister of Finance. And I must say, Mr. Speaker, that I am very pleased to accommodate the Leader of the Opposition and give him my reply to his speech. When I came in here today, Mr. Speaker, I thought that perhaps I would speak, perhaps I wouldn't. When the Leader of the Opposition was in the middle of his address, I came to the conclusion that any such misrepresentation as he has entertained us with here today, deserved a reply from me.

So I am quite happy, Sir, today to deal with the gross misrepresentation that he has presented the House with; to deal with a flagrant stupidity which he has demonstrated here before the members of this House. Mr. Speaker, the Leader of the Opposition as is his wont complained repeatedly that he never had time to give the Budget Speech adequate consideration. Sir, I understand that the Leader of the Opposition has as many staff in the caucus room of the Conservative Party, and in their Party headquarters, as the Minister of Finance has at his disposal and I would think that with that staff, one week-end would be enough to give any consideration to this Budget Speech.

Mr. Speaker, I do believe that one weekend is enough for that speech. One weekend was ample time for the kind of speech that he gave us here today. Mr. Speaker, he tried to deal with the budget from two points of view, as I understood him. One was from a philosophical point of view and the other was from a rather detailed examination of the Budget. I wish to deal first with the philosophical approach and secondly with the so-called detailed examination of the Budget that the Minister of Finance gave the House.

I think that the Minister of Finance made it very clear in his Budget presentation just who would benefit from the education property tax credit plan.

MR. SPEAKER: The honourable member remove that, please. The Honourable Member for Osborne.

MR. TURNBULL: I think the Leader of the Opposition did say, too, that the Minister of Finance was a magician. It certainly became evident to me, Mr. Speaker, that the Leader of the Opposition was no magician. It became evident because he could not make me believe that what he was saying even made sense. Nor do I think Mr. Speaker, that the Leader of the Opposition is even a mathematician. For it became clear to me and I will deal with this in a moment, that even simple arithmetic is beyond the capacity of the Leader of the Opposition.

Now I note that the Leader of the Opposition has left the Chamber, and I feel quite hurt about this, Mr. Speaker, because really he did ask me to speak, any member he said of the back bench could speak, and I agree any backbencher could deal with his asinine criticism. I do regret though that he's left because he did say, Mr. Speaker, he did say, and I was offended by this, he did say that the -- he suggested that the Minister of Finance should withdraw, and I'm quite glad now to see that the Minister of Finance is still here and it's the Leader of the Opposition who has withdrew and I hope to show that he has good reason to withdraw. I can't imagine why he would stay in this House after making the kind of presentation that he did.

Well, Sir, let us get on with the so-called philosophical differences between the members opposite and the members on this side. I said the other day, Mr. Speaker, in the reply to the address on the Speech from the Throne, that I was in politics to see more equity in Manitoba, to see more equity in taxation. And I am extremely pleased to have seen the kind of presentation that was made by the Minister of Finance.

Now before I deal with the detailed criticisms of the Leader of the Opposition -- and I'm delaying Mr. Speaker, because I would like him to come back so that I as a teacher can correct his stupid arithmetic. But let us look at the philosophical differences between them and us, and by them I mean the Conservative members opposite. The Leader of the Opposition said that with this Budget that was presented on Thursday night, more people would be paying more taxes. Well, Mr. Speaker, who the hell is he talking about? Who is going to pay more taxes under this scheme, Mr. Speaker? I spoke the other day about the old age pensioners in my constituency who told me in 1969 that as a result of the inequitable flat rate premium tax imposed on them by the previous administration that they are going to have to leave their houses. Are they the people that the Leader of the Opposition is speaking about when he says more people will be paying more taxes? I say, Mr. Speaker, that they are not the people he is speaking about. Those old age pensioners who own their own homes will be paying less, and I will demonstrate that in a moment.

What about the more wealthy people, those in the \$25,000 a year category? Perhaps those are the people the Leader of the Opposition is speaking of. And if that's the case, Mr.

(MR. TURNBULL cont'd) Speaker, I agree with him. Those people perhaps may be paying more taxes. But I say to you, Mr. Speaker, if those are the people he's talking about, I say that they benefit sufficiently from our society, and from our economic system, to be enabled to pay those taxes. I, Sir, am concerned with the old age pensioner; I'm concerned with the low income people; I am concerned with those people who for one reason or another find it difficult to pay taxation of any kind, let alone the high taxes that those who make \$25,000 to \$30,000 a year pay. If that's the difference in philosophy that the Leader of the Opposition is speaking about then I say, Sir, yes, I stand with this party, and this government, and for the philosophy of greater equality in taxation that they represent, and a philosophy, Sir, which I think was presented in the Budget Speech. It's clear to me, Sir, that that philosophical difference is worth supporting.

Now I think that the Budget Speech was clearly one which was expansionary. I can't see that there is any reason to say that it was not expansionary. The Leader of the Opposition has said, if I heard him correctly, and he does talk rather rapidly, he did say that what the economy called for, what the people of Manitoba needed, were tax cuts. And I agree with that, Mr. Speaker. I agree with the need for tax cuts. In a period of national economic troubles, national economic downturn, that it would be wise for every provincial government and for the Federal Government in Manitoba to cut taxes because, as we all know, Mr. Speaker, all of us who have studied change, in economic theory at least, know that in such a period tax cuts are in order. Tax cuts are in order, Mr. Speaker. Now Keynes wrote his little book on Economics General Theory, in 1936 and I know about it, Mr. Speaker, and the Minister of Finance obviously knows about it, but what about the Leader of the Opposition, where has he been? Is he so far behind the times that he is not even up to 1936 yet because tax cuts were called for by Keynes; tax cuts were called for the Federal Government in the mid forties; tax cuts have been introduced in this Budget Speech. At least, Mr. Speaker, that's what I understand from the Budget presentation contained in this document that was presented to all members, where on page 21 it does set forth that the total amount of tax cuts will be something like \$34 million. Thirty-four million dollars, Sir, will be the tax cut that has been introduced as the result of the 1972 budget. Then to refresh the members opposite the minds -- I've omitted that word, perhaps naturally -- to refresh the minds of the members opposite, I will quote, Sir, to them from page 21 where it says in total, the combined property tax relief represented by these two measures, the Education Property Tax Credit Plan and the additional share of the Education Foundation Program will amount to about \$34 million in an ordinary 12-month period. Now, Sir, as the Leader of the Opposition is trying to imply, I am only a backbencher, Sir, but to me that's very clear. \$34 million in an ordinary 12-month period. What more does the Leader of the Opposition want? What more does he want than \$34 million? Is that not an adequate tax cut for him? Just because, Sir, the members of my constituency who are on old age pension, the members of my constituency who work in garages and factories and warehouses, just because they are the people that are going to benefit from this program of tax cuts, Sir, I don't think it's any reason, that's any reason to oppose the plan. The Leader of the Opposition, though, he seems to think that those tax cuts because they benefit those people it will not be an adequate plan. Really, Mr. Speaker, I said that the Leader of the Opposition was not a magician and he was not a mathematician -- I'm glad, Sir, that he's a fast talking lawyer because certainly nobody, nobody, Sir, could believe the presentation he gave to us when he said that there were no tax cuts, that people weren't going to benefit unless, Sir, they were confused, they were confused utterly by the fast delivery and the confused arithmetic of the Leader of the Opposition.

Well, Sir, I've been asked to prove it. And I'm quite willing now to deal with the arithmetic of the Leader of the Opposition and I have here the -- (Interjection) -- the theory -- I'll thank the Member for Sturgeon Creek. He tells me that the document I'm holding up which was delivered to us, was the theory presented to us by the Leader of the Opposition, and I tell you, Sir, that it certainly was a theory. Because what does it say, Mr. Speaker? Now I'm not in the position at the moment having had less than a weekend, even less time than the leader of the Opposition, and no staff to help me, I'm not in a position to deal with everything, with all the examples given on this theoretical document, as the Member for Sturgeon Creek calls it.

But what do we have on for example, Sir, Sheet 2, the low income homeowner? Those people, Sir, those people are ones that I am much concerned with because a good number of them live in my constituency. The Leader of the Opposition, if I understood him correctly -- and it was difficult to understand anything that he said -- if I understood him correctly, he was

(MR. TURNBULL cont'd) trying to imply that the amount of money that a person in the first category on Sheet 2 would receive in 1973 as a result of the tax credit plan would be, and I'm sure it says nil, N-I-L. They won't receive any money I gather from this column here. Well, Sir, let us just review this situation. That person described on Sheet 2, in 1972 they would have got under the existing plan, and will get I gather this year, \$50.00 tax rebate, or one-half of the education tax that they would have paid up to \$50.00. Now what the Leader of the Opposition is saying they'll get is nothing, they won't get a cent. Well, Sir, if I understand the plan correctly, they will get \$42.00. To me, Sir, that's very clear. They get \$42.00, not nothing as the Leader of the Opposition would lead us to believe. That's the kind of arithmetic Sir, that the Leader of the Opposition would be willing to try to hoax this House with. They'll get \$42.00 this year, and as I understand it, they'll get \$42.00 next year. Well that's the first point, Mr. Speaker. And I think I've got it correct. They've got all the money back that they would have paid in education taxes. In other words, Sir, they don't pay any education tax, and that's the kind of credit they get, and the Leader of the Opposition and his hack from Lakeside, there who can't keep his mouth closed, will try to tell us and try to tell the press, and I'm sure the Leader of the Opposition is out in the lobby now trying to tell the press that these people on low income, these elderly widows or widowers, elderly couples won't receive any tax credit in 1973, and that, Sir, as the Leader of the Opposition should know is baloney, just baloney. -- (Interjection) --

MR. SPEAKER: Order.

MR. TURNBULL: Now, Sir, I spoke as I said on the Throne Speech asking, asking the House, asking the members here for greater equity in taxation and I referred specifically to old age pensioners. I have mentioned them again today. I've mentioned them again today. The Member from Sturgeon Creek has a resolution on the Order Paper, and I don't think it's on today's Order Paper unfortunately in its full form, but that resolution by the Member from Sturgeon Creek suggests that old age pensioners get a tax rebate for all the education taxes that they pay. And as I understand the Budget Speech, Sir, that is precisely what is going to happen. In other words what the Member for Sturgeon Creek is calling for is precisely what the Budget will do. It will give them that amount of money. It will give them back all the money that they would have paid, would have paid in education property taxes.

Now, Sir, I know that just because we've done what the Opposition asks that they won't support the Budget but that, Sir, is to be understood because obviously not only does the Leader of the Opposition not know his arithmetic but he's got the other members of his caucus confused about arithmetic too so that they think that he is telling the truth when in fact he is misrepresenting the Budget to the public. Well that's one example, Sir, one flagrant and stupid error of the Leader of the Opposition.

Let us deal now with another example cited by the Leader of the Opposition. As I understand the tax credit plan proposed by the government, people who are in residences and property owners are entitled to a property tax credit up to a maximum of \$140.00. -- (Interjection) That amount will be net of one percent of the income, the income of the head of the family in that household. So, Sir, for example as I understand it if someone is paying property taxes and have taxable income of \$3,000, they would have one percent of 3,000 or \$30.00 off the 140 assuming they paid that much they would get \$110.00 rebate. I think that's fairly clear, Mr. Speaker, fairly clear to me, but then I'm just a simple backbencher, Sir, whose only -- you know standing up and speaking on the spur of the moment -- having been challenged by the withdrawn Leader of the Opposition to stand up and indicate what I understand of the tax credit plan.

Well what -- if I understood the Leader of the Opposition correctly -- what he is suggesting for married couples is that instead of taking one percent of the income of the head of the household that what they should do, according to the Leader of the Opposition, is take the incomes and combine them and take one percent of that and deduct the product from the property tax that they pay. Well let us just use the example that I cited a minute ago, Sir. We said that \$3,000 of taxable income was what the deduction would be based on and I said that that amounted to \$30.00. Let's assume that two people in the household, the man and the wife, they both have a taxable income of \$3,000, and they pay one percent of 6,000. Well you know I'm just a simple backbencher as I said but one percent of 6,000 comes to \$60.00 doesn't it, Mr. Speaker? On \$140.00 net, \$60.00, Sir, as I understand it is only an \$80.00 rebate. Now it would seem to me, Mr. Speaker, that what the Leader of the Opposition is saying, is that instead of giving that

(MR. TURNBULL cont'd) household back, instead of giving them back \$110.00, we give them back only \$80.00. You know, Mr. Speaker, I really don't understand that kind of arithmetic which is being applied by the Leader of the Opposition to the Budget presented by our Minister of Finance. Certainly if my wife and I were working and we both made \$3,000 taxable income a year, I would prefer to get a rebate of 110 than a rebate of 80. To me that's perfect sense, Mr. Speaker. But the Leader of the Opposition seems to think that his idea of combining the two incomes in a household is better than what is proposed by the Minister of Finance.

Well, Mr. Speaker, I don't know how much detail the Leader of the Opposition wants me to go into in refuting what he has presented to us today. There are a number of examples given on this example Sheet 2. He does point out for example that a low income couple -- this is example 3 on Sheet 2 -- a low income couple with two children making \$5,000 a year would get a net saving for 1973 according to his figures of \$77.00. Well I made a rough calculation, Sir, and if I've calculated it correctly, we take the \$5,000, we take out the total tax exemption, you have 3,000 thereabouts, the exemption for the kids is included in that, we have a taxable income of \$2,000 then, one percent of 2,000 is \$20.00. The maximum property rebate is \$140.00. You take \$20.00 off \$140.00, that means a rebate of \$120.00. It's very clear, Mr. Speaker. We are suggesting they get \$120.00. What does the Leader of the Opposition suggest? It looks like \$77.00 here to me. I really don't follow that example at all. It seems to me, Sir, that the examples I've given do indicate -- I can give some more if you wish -- do indicate that the plan that we are suggesting does result in more money being paid out to the people than the plan or the -- whatever it was that the Leader of the Opposition presented to us. But as I say, Mr. Speaker, I don't have the staff the Leader of the Opposition has, and I didn't have a weekend to consider it, and I didn't have the benefit, Sir, of consultations with the press, and time on Peter Warren's show to find out all about the Budget Speech and taxation in Manitoba.

I always thought, Sir, that maybe -- somebody over there is opening their mouth -- I'd always thought, Sir, that the budget documents were supposed to be a secret until the night of the announcement. That to me -- my understanding has been a long established principle, it's a principle I think is maintained by this side, if it was not being maintained by the opposition when they were in power then I say that they violate, Sir, certain basic and long understood customs and usages of our constitution in Canada. I understand, Sir, if I recall correctly that there was a Federal Minister of Finance that was virtually forced to resign for revealing the details of the budget documents before the presentation in the House, and the Member for Sturgeon Creek, although he doesn't understand what his own leader is saying, should at least understand that principle of the constitution in this country.

Well, let us turn now, Sir, to some other examples of the arithmetic of the Leader of the Opposition. I have said that the Budget in my opinion anyway is an expansionary one, and I have cited as an example of the expansion . . . in the Budget the \$34 million property tax cuts that will be the result of the 1972 plan and the plan that will be effective in 1973. Thirty-four million dollars is a lot of money and it should have a good expansionist impact on the provincial economy.

There were other suggestions raised by the Leader of the Opposition though. One of these related to production machinery and the production machinery tax. Now he did say, Sir, if I followed him correctly that this production tax would be passed on to the consumers and that really five percent on production machinery with the exemption of agricultural machinery, would really mean a one percent increase on the sales tax. Well I don't want to, you know, argue with the Leader of the Opposition -- I can't anyway because he's not here -- but I would like to say, Sir, only this: that the Budget Speech did indicate that the production sales tax that was going to be imposed would be deductible from the corporate tax of any firm in Manitoba. And I'll just read that, Mr. Speaker, because I don't want to, I don't want the Opposition to think that I'm engaging in any imaginary discourses. On page 24 it says that businesses will be able to deduct the cost of the provincial sales tax as an expense in calculating their corporation income tax liabilities. And then it goes on to say, Sir, "the effective rate of tax will be cut approximately in half." Now at the bottom of that page it indicates that five percent, the five percent factor implied, will really only be 2 1/2 percent, so without arguing with the Leader of the Opposition, or attempting to refute his figure of one percent on the sales tax as a result of the five percent production tax, I would only say that he has neglected to take account of the deduction allowed on the corporation tax and that really the one percent that he is touting about

(MR. TURNBULL cont'd) the province, even in his own terms, Sir, means only a half of one percent, because if you take into account the deductibility of this production tax then it's evidenced that one percent becomes only one-half percent.

Now, Sir, I know that the Leader of the Opposition is one who believes in tax incentives. Tax incentives in his mind are something that you give to a businessman so that he creates jobs. I'm not going to disagree with that idea. I don't think that it happens to work. It didn't work in Ontario. In Ontario, Sir, they tried to impose or to -- I'm sorry, not impose but to give businesses a five percent tax credit, and this tax credit, Sir, as I understand was effective in the 71-72 year and the Ontario Finance Department I guess assumed that that five percent tax credit would generate, would result in an increase of \$130 million in capital expenditure in the province. And that's the kind of program, and the kind of rationale, that the Leader of the Opposition, and indeed all those on that side would support. But that \$130 million that was supposed to be generated as a result of the tax credit plan in Ontario did not result in that amount of money. All it only amounted to, all it resulted in, rather, was an amount of \$25 million. Now \$25 million is not of course to be sneezed at but these tax incentive plans, Sir, do not really encourage the kind of expansionist tendencies in the economy that tax cuts that are applied across the board to most of the people will encourage. It's an old principle of economics, Mr. Speaker, that those on the lowest income that receive extra monies in the form of tax credits, or what have you, tend to spend it, and their consumption generates demand -- and I wish the Member for Sturgeon Creek were here -- their consumption stimulates demand, Sir, and that demand in turn generates new jobs, generates more capital investment, and that's how you create an expansionist tendency in an economy, Sir. And that is precisely what the Provincial Government of Manitoba has done with the 1972 budget; it's expansionary and it will create more jobs.

Now the opposition has said that the result of this production tax put in of course will be to stifle investment, to stifle capital investment in Manitoba. I don't think that that's going to happen, Mr. Speaker, for the reasons I've indicated. If you cut taxes by \$34 million so that everybody has more money to spend that will generate demand, that will create jobs, and the money, the taxes that the producers are paying on their new machinery will be incidental considering the profit that they should make as the result of the expansion of the economy. In any case, Sir, it has been pointed out on Page 5 of the Budget Address that capital expenditures in the province will increase by almost 12 percent.

And you know, Mr. Speaker, it's incredible. The opposition criticized the 12 percent increase. On the one hand they say, let's have more jobs, let's do something to stimulate the economy; we turn around and introduce a budget which will stimulate the economy, then they want to be critical of it. I must hand it to the House Leader of the Liberal Party, Sir, when he was on Broadway Beat the other night, and he at least conceded to the Minister of Finance that the property tax cuts were a good thing. But the Leader of the Opposition who can't be bothered listening to any opinions except his own, couldn't even be as gracious as to say, yes, Mr. Minister of Finance, \$34 million in the pockets of most of the low income people in the province is an expansionist thing to do and will stimulate the economy.

Not only, Sir, is the Leader of the Opposition not a magician because he's unable to convince anyone of his peculiar arithmetic and its accuracy; not only, Sir, is he a man who cannot be gracious enough to concede that a budget is an expansionist budget, he is a man, Sir, who can't listen to anybody except himself, and he has shown that repeatedly in this House, and really, Sir, I find it somewhat offensive as a member of the Legislative Assembly that once he has thrown out the challenge and got the attention of the press that he can't even stick around to hear what the backbenchers have to say about his confused arithmetic and his lack of ability, Sir, in convincing any of us that what he has said is a valid criticism of the budget presented by the Minister of Finance.

So I say, Sir, to you that if the Leader of the Opposition, if the Leader of the Opposition wants me to stand up and say that I am for this budget which gives tax credit to the old and to the poor, then I say, Sir, I will stand up and be counted. I'll be very glad to be counted in favour of such a Budget, Mr. Speaker, and I don't care, Sir, whether the press, or the Leader of the Opposition, or any members over there are paying any attention to what I have to say in this matter. That is a matter of indifference to me but I know, Sir, that there are hundreds and hundreds of pensioners, and low income people in Osborne Constituency that will be grateful for this Budget Speech and I, Sir, am with them.

MR. SPEAKER: The Honourable Member for Souris-Killarney.

MR. EARL McKELLAR (Souris-Killarney): Mr. Speaker, I am not a lawyer; I am not a school teacher; I'm just a humble farmer trying to make a living in the Province of Manitoba -- humble farmer. Mr. Speaker, as I did not have the privilege of speaking on the Throne Speech, I'm taking this privilege right now and by doing it I'd like to welcome you here as Speaker of this Legislature for this year and I do wish you well in your endeavours.

Mr. Speaker, last Thursday we had the pleasure of witnessing a two hour speech by the Minister of Finance outlining his Budget, \$575 million current expenditures, and \$393 million on capital supply, practically a billion dollars, Mr. Speaker, a billion dollars which will have to be paid for by the taxpayers of Manitoba, and nobody else. Mr. Speaker, with all the shifting done in this budget I have renamed the Minister of Finance, "Shifting Saul", "Shifting Saul". He's been shifting this great amount of money ever since he became Minister of Finance. He started out, Mr. Speaker, shifting Medicare premiums by means of income tax and corporation tax, and he's still shifting, Mr. Speaker, and what are the results? What are the results? Has it helped the people of Manitoba, Mr. Speaker? Has it helped them? Mr. Speaker, with very few exceptions I would say it has not helped.

Mr. Speaker, in the statement of the Honourable Minister of Finance he distributed a page here which actually announces the distributions of incomes in the Province of Manitoba, and I refer to income tax statements. Mr. Speaker, would you realize in the Province of Manitoba that 60.3 percent of the people who file income tax statements earn less than \$5,000.00. Mr. Speaker, is that a revelation? I don't think it's a revelation, and, Mr. Speaker, that's only one percent lower than it was in the year previous. Is this the shift, Mr. Speaker, that's been going on, the great shift? I don't think it's helping the taxpayers very much, not very much. Mr. Speaker, I would like to say to you that 90.9 percent of the people who file income tax in the Province of Manitoba earn less than \$10,000.00. Mr. Speaker, is that the great gift that we're talking about from those great millionaires in the Province of Manitoba? I would say not. Mr. Speaker, there are only 9.1 percent of the people who file income tax in the Province of Manitoba that earn more than \$10,000, and, Mr. Speaker, where are those great people that earn more than \$10,000 in the Province of Manitoba? They're right over there. They're right over there, that's where they are, right over there. Mr. Speaker, they're right in front of me. There are the great 9.1 percent in the Province of Manitoba who file income tax. They're the fat cats -- (Interjection) -- Yah. The great capitalists of the Province of Manitoba, Mr. Speaker, are right in front of you, right in front of us here. They're the fat -- the lawyers, the doctors, the school teachers, the doctors along with them the Federal Government employees, and a few municipal government employees, and what does that leave out of the 9.1 percent? Very few more, Mr. Speaker, very few more. I don't imagine there's very few farmers in that 9.1. I don't imagine there are very few people who are out there laying bricks around Winnipeg that are getting over the -- or in the 9.1 percent class, and very few others. They're right in front of us, Mr. Speaker, right in front of us. They are the capitalists. They are the ones that they are going to bleed. Well, Sir, I don't see any tears shedding on that side of the House when they're talking about themselves. And I'm not only talking about the front bench, Mr. Speaker, I'm talking about the backbench because everybody in the backbench is in that class.

Mr. Speaker, we heard about this great shift, this great shift. Before I speak on this great shift I want to mention some of the taxes that were put on, on Thursday evening, taxes on production machinery, taxes on all airplanes on the basis of mileage, taxes on all commercial vessels -- I don't know whether that includes the Lord Selkirk or not -- an increased tax on spirits, wines and imported beers, increased taxes on all tobaccos, and a tax on mineral rights held by corporations, and I think there's one or two others. Mr. Speaker, these are the taxes that were . . . on the people of Manitoba the other night, on Thursday evening.

Now let's look at the education tax, this great tax which was explained this afternoon in great detail by my leader, and by the Member for Osborne, the Member for Osborne. That great schoolteacher at Osborne, the great man that knows all the answers to all the old age pensioners The man that is concerned with the small wage earner, the man that's in this \$3,000 class. Well, Mr. Speaker, I think after listening to the debate that's taken place here this afternoon that nobody needs to get really enthused because all the money they're going to have in their pockets in 1973 won't last them very long.

And speaking of the farmers who are going to make application for this great amount of

(MR. McKELLAR (cont'd) money, let me tell you that the farmers will be paying income tax on this money, they'll be paying income tax on this money. They will be. They'll be paying income tax just as they paid on the \$100.00 that we got from you, Sir, last spring, we're going to be paying before the 30th of April on that great hundred dollars. And what does that mean, Mr. Speaker, when you pay income tax on this \$340.00? Let me tell you, Mr. Speaker, that very few of the farmers will ever get \$100.00, or anything near \$100.00. For those farmers that have not made out income tax recently it means that after they look at that great mass of forms that they're going to have to fill out next year for 1972 income tax, which totals fourteen pages, they're going to have to hire a \$40.00 accountant; they're going to have to pay income tax on that money, and I'll bet anything that they don't have very much money by the time they've paid the two. And it won't amount to very much money. Mr. Speaker, is that the kind of justice and equality that the government have been talking about for all these last three years, and for many years before that on this side?

Mr. Speaker, that's not the equality, kind of equality that I want. I want something that is going to do something for people when you bring out a policy, not just a bunch of noise and wind that the Minister of Agriculture he's trying to throw across at me right now.

Mr. Speaker, Mr. Speaker, I want to give you an example. Mr. Speaker, I think it was about 1964 that the Roblin Government, of which I was a member at that time, brought a scheme out at that time that would give you up to a maximum of \$50.00 on every parcel of land and what did the members of the government at that time say about that policy? They said you're bribing the people with their own money, bribing the people with your own money. Mr. Speaker, -- (Interjection) -- no ability-to-pay, no, just bribing the people with your own money and they stand up and chastise us, and I can remember so well, Mr. Speaker, when the people got their first cheques with Mr. Roblin's name on it because he was the Provincial Treasurer at that time. They made plenty of fun of that; they made fun of that, Mr. Speaker. They made fun of it. But, Mr. Speaker, what did that do for the people, the farmers of the day? What did that do for the farmers of the day at that time? If they owned a section of land that gave them \$200.00, Mr. Speaker, and if that isn't a better scheme than what you have today, I'll eat the words that I'm pouring out at this time. Mr. Speaker, they were the boys that condemned that policy. Now they're getting right in bed with a scheme that's not half as good, and won't do anything for the Province of Manitoba, not a thing, not a thing.

Mr. Speaker, last year during the session this great government under the Minister of Education, who is now the Minister of Higher Education, brought out this great plan, this \$50.00 credit to each individual who owned property, or rented property. So what's happened to this great policy that he was recommending to people. It just lasted twelve months, twelve months. -- (Interjection) -- twelve months, twelve months and we haven't even got it. And I tell you, Mr. Speaker, that the secretary-treasurers of every municipality in the Province of Manitoba has wished the government had never dreamt that one up because it's one big headache for them, and my secretary-treasurer at home told me he was sure glad they were changing that one, got that one out of his hair, because it's a good plan if it was adopted properly, but it's not adopted so they can work with it.

Mr. Speaker, I'm getting a lot of interruptions from the members opposite, and if they've got something to say, Mr. Speaker, they will have 30 minutes to get up and make their own speech.

Mr. Speaker, this is the kind of justice and equality that's been so common from these socialists across this side. And I want to read a wonderful phrase on Page 2 in this great production here by the Minister of Finance. I'm sorry he isn't in, sorry he isn't in the House at this time. "This has been an active administration which has clearly and consistently promoted greater equity and justice for the citizens of this province." Imagine that, Mr. Speaker. Greater equity. Well I'll tell you what kind of equity we have, Mr. Speaker. We don't provide the initiative or want to give initiative to the people to make something out of themselves. The government of the day want to tell the people what to do and how to spend their money. And I would forecast, Mr. Speaker, it won't be long before they will take your whole paycheck and give you back \$50 and tell you how to spend that amount. I think this is what the philosophy will be very shortly.

And I want to read you another part of that famous paragraph "our commitment is to rout out inequality and to achieve a more humane society that responds to the democratic process to the actual needs of all our citizens". To the actual needs of all our citizens! Mr. Speaker

(MR. McKELLAR cont'd) this government doesn't listen to the people so how could they know of the needs of the citizens of the Province of Manitoba? They don't know the needs of the farmers; they don't know the needs of all the business men, and goodness knows they don't listen to business men because they condemn them every time they get up to speak. Mr. Speaker, this is not the kind of government we need. This is not the equality of life that we look for for the Province of Manitoba. We need something better.

But, Mr. Speaker, in that famous budget we also heard that the government are going to increase the foundation program from 75 to 80 percent, and this afternoon the Minister of Education said that there would be no change in the mill rate for foundation programs. Now how in the world can you take over a larger share from 75 to 80 percent unless you are going to drop the mill rate on the Foundation Program? But the Minister of Education didn't say that this afternoon. He said there could be no change. In other words the mill rate which has now been struck, will remain. Now I'd like to know the answer to that one. How are you going to take over 80 percent when there they are not going to change the mill rate?

Mr. Speaker, last year when we voted on this famous \$50 tax credit, I stood up and voted against this, and there were two other members of our caucus voted against it, and what did I say at that time, Mr. Speaker? I said take over 100 percent of the Foundation Program and you'd do something for the people. You'd do something for the people. But what are they doing now? They said they got up to 80 percent. Now we're going to have tax credits. And why are we going to have a dog's breakfast again? A dog's breakfast. And we're still not going to take over 100 percent of the Foundation Program. Mr. Speaker, the municipalities of the Province of Manitoba have been asking that this be done, they're asking this be done but the government rejects that completely. This is the answer, Mr. Speaker, to our problems in education is to take over the Foundation Program completely and let the local people finance the special levy.

Mr. Speaker, the special levies all over the Province of Manitoba are up from three to eight mills, three to eight mills this year. Mr. Speaker, there's no control over this expenditure at all and I congratulate the Premier of the Province of British Columbia because he at least put a ceiling on this. He put a ceiling on this where the mill rate can't go more than 6.5 percent. And this is the approach that should be taken, this approach is taken across the line in the United States and if the people want to spend more money they have to vote for this increase. And I think the Premier of British Columbia is to be congratulated for taking that stand. Now the Teachers' Society in B.C. don't like this approach because it might curtail their higher increases in salaries on an annual basis. But I think Mr. Speaker, the salaries have to be controlled on that level, 6.5 -- at least a maximum of 6.5 percent because of the fact the taxpayers of that province or this province can't afford any more.

Mr. Speaker, I know the Agricultural estimates are before us at the present time -- they'll likely be up tonight -- but I'd just like to say one or two things about some of the problems that we are involved in. And one of the most notable problems that we have at the present time is the great confusion that exists in the Canadian Wheat Board level along with the railways and the grain companies who are involved in the handling of grains. Mr. Speaker, if there'd be less confusion on the other side and less debates I'd make myself heard a lot better.

Mr. Speaker, what I am saying that even in the darkest ages, the darkest ages -- you go back 30 years or a little more, even when under Conservative rule there from '57 to '63 which the socialists call the dark ages, which there was more progress at the federal level taking place and more aid for assistance for the farmers than ever before in history and I don't suppose there'll be ever anything to equal it. Could you imagine even in those days where we only have a four-bushel quota on wheat - four bushel -- (Interjection)-- excuse me. -- (Interjection)-- Yeah. Four bushel quota on wheat on the 10th day of April. Mr. Speaker, we have gone 8 1/2 months and the total amount of wheat that I can sell on my farm off a section of land is 1400 bushels of wheat. Can you imagine me paying my bills on my farm?

If I had a mortgage with the Minister of Agriculture he wouldn't be getting very much and, Mr. Speaker, that's what I want to talk about, is farm credit -- farm credit. It's all right for the Ministers of Agriculture across Canada, it's all right for our Minister of Agriculture to say that the farmers should be flexible and handle their business better but how can you handle it when every government and every time you turn is on your back. They're telling you what to do, they're telling you how much you can sell, they're telling you what price you're going to get for it

(MR. McKELLAR cont'd) . . . and lo and behold, Mr. Speaker, the Minister of Agriculture is now going to tell us how we're going to sell our feed grain. And if that isn't just about all we need in the Province of Manitoba. It means that I can't sell my '69 wheat that's in my granaries for a price that I might negotiate with another farmer with a feedmill. He's going to tell me what I got to sell my feed grains. Mr. Speaker, we're all holding three - year-old wheat in our granaries and the Minister of Agriculture wants me after storing this wheat for three years to tell me now who I got to sell it to and how much I'm going to get for it. Mr. Speaker, that's not the kind of leadership we need in our province. We want leadership that's going to assist the farmers not control them.

Mr. Speaker, you don't have to tell me how to run my business on the farm and I'd like you to stay in your office and run your other business but don't tell the farmers what they got to do with their own business. -- (Interjection) -- My goodness! Mr. Speaker, one of the reasons why cattle have been so successful over the years in Canada is because up to now no government has interfered. Supply and demand have ruled our markets all over these years. Supply and demand have ruled the markets -- and if you think we're in the market alone and you're putting up a boundary around Manitoba you just got another think coming. Mr. Speaker, we're in a market that involves the North American continent. We're in a market that involves the North American continent and all the thinking and all the controls that the Minister of Agriculture isn't going to change it, isn't going to change it.

Mr. Speaker, the Minister of Finance, the Minister of Agriculture have taken great pains to blow up the Manitoba Hog Marketing Board -- Hog Marketing Board. And they blew it up to the point where they said they took credit for the prices increase. Mr. Speaker, you don't have to tell a farmer in the Province of Manitoba -- he wouldn't believe the Minister of Agriculture, he wouldn't believe the Minister of Finance. Mr. Speaker, this is a lot of untruth if I ever heard one -- a lot of . . . It's only a potato farmer that would believe that, Mr. Speaker, because he doesn't know anything about anything else.

Mr. Speaker, it's getting close to the hour of 5:30, Mr. Speaker, and I want to -- I don't see the Minister of Municipal Affairs, I had him all lined up and -- I want to tell you on Autopac, I want to tell you on Autopac, the great government of the people that thought they were doing something for the people -- and all of this -- I had about four or five hundred people up there from Wawanesa up in the Gallery here -- those great people of Wawanesa that put up a fight against these great capitalists on this side, great capitalists on this side, great capitalists on this side. They are the people that came in here and expressed themselves before us but they were told to go home and mind their own business. Well I'll just tell you what's happened to those people. I'll just tell you what happened to those people -- 40 of them of Wawanesa Mutual Insurance Company are out of a job, have gone, they had to leave the province. There's no jobs for them. Is that the kind of society, the quality of life that you're speaking about when they had to leave the province to get a job. That's not the kind of quality that I would hold.

Mr. Speaker, where is all those great benefits that they were promising the farmers? I'd like to know where they are. The farmers were told they were going to get 30 percent discount. What did they get, Mr. Speaker? Not only have they -- (Interjection) -- what did they get? Mr. Speaker, the farmers know what they got. Very few of them have got anything yet. Very few of them have got anything; it's five months overdue and, Mr. Speaker, all they got was on their basic coverage, basic coverage -- they're told they're going to get it on that basic and extension. Mr. Speaker, that's not the quality that was promised by the great bunch of socialists over there. That's not the quality that we look for. Mr. Speaker, the farmers know they're paying more for insurance, and they are paying more for insurance than they did a year before, and they're looking for something better from this government.

And what about the great people that we're going to look after all these other - the young people? What did they do with the people with motorcycles, where they could buy their insurance for \$34.00 a year ago? What did they do with them? They're up to \$160.00, Mr. Speaker. Is that the kind of equality of life - discrimination against the young people or anybody that owns a motorcycle? So what did they do Mr. -- they had second thoughts and they got it down to \$71.00 now, but that's a long way from \$34.00, Mr. Speaker. That's not the kind of adjustment that was promised by this government under Autopac and was mentioned by the Minister of Finance and his presentation the other afternoon.

Mr. Speaker, I am going to have a lot more to say on Autopac before I finish this Session

(MR. McKELLAR cont'd) and I'm going to say to you people that you better have a second look at this plan if you're going to have the people's support which you have very little right now -- which you have very little right now. You got to believe it, you got to believe it -- you talk to the people, just ask them. Ask somebody that transferred their car about three months ago what's gone wrong. They tell me it's the law that's all jiggered up with the computer up here -- I don't know if it's with the Motor Vehicle Branch or it's the Highway -- Autopac. I don't . . .

MR. SPEAKER: Order, please. The hour being 5:30, the honourable member will be able to continue this evening. I am leaving the Chair to return at 8:00.