

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Tuesday, April 25, 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 90 students of Grade 5 standing of the General Byng School. These students are under the direction of Mesdames Friesen, Weins and Peterson. This school is located in the constituency of the Honourable Member for Osborne.

There are also 20 members of the River Osborne Senior Citizens Centre present. They are under the direction of Mrs. Myers. This Centre is located in the constituency of the Honourable Member for Fort Rouge.

And in my gallery, we also have seated as my guests 7 members of the Yukon Gymnastic Team under the direction of Mr. Kurtz.

On behalf of all the honourable members of the Legislative Assembly, I welcome you here today.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports. The Honourable Minister of Health and Social Development.

TABLING OF REPORTS

HON. RENE E. TOUPIN (Minister of Health & Social Development) (Springfield): Mr. Speaker, I would like to table the report of the Alcoholic Family Services, that was supposed to be included in the report tabled on March 29, 1972 of the Alcoholic Foundation of Manitoba.

MR. SPEAKER: Any other Ministerial Statements or Reports? Notices of Motion; Introduction of Bills; Oral Questions.

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): A question to the First Minister. Will there be a judicial inquiry set up to investigate the matter raised by the petition of the 230 Gillam employees regarding the functioning of the Allied Hydro Council at Gillam?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, I have not received a petition or a copy of it. I'll take the question as notice.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Speaker, I have a question for the Attorney-General which was directed to the Premier yesterday. Is the Attorney-General going to take any action against the city - - Transportation Department of the City where they are penalizing drivers for obeying the Highway Traffic Act regarding the overloading of buses?

MR. SPEAKER: The Honourable Attorney-General.

HON. A. H. MACKLING, Q. C. (Attorney-General) (St. James): Mr. Speaker, I'm not aware of any action having been brought by any authority in the courts against any member of the transit workers in respect to any alleged violation. I know it's been a subject matter of some concern and there has been discussion and correspondence relating to it but I'm not aware of any prosecutions.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I'd like to direct a question to the Minister of Labour. Is he taking a hand in the situation that has developed in negotiations where it seems that employees are asked to negotiate something that is a matter of law under the Highway Traffic Act regarding the overloading of buses?

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker, the involvement that I have had in my position as Minister of Labour has been the appointing of a conciliation officer to assist in the negotiations between the transit workers and the Transit Committee of the City of Winnipeg. It was revealed to me during those negotiations that there was the possibility of some recommendation in a tentatively agreed upon new agreement between

(MR. PAULLEY Cont'd) . . . the representatives of the employees and the Transit Committee. On receiving that information - - and I'm sure the Honourable Member for Thompson is well aware of this because I spoke to him of it - - and I indicated that as Minister of Labour I felt that it was my responsibility to see that as far as I could that no collective agreement contained any clause which in effect broke the laws of the Province of Manitoba, be they labour laws, highway traffic or any other law.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Minister of Industry and Commerce. Could he advise the House if he has received any reports dealing with the possibility of using the Port of Churchill as a supply base for the Keewatin district and if so could he table them, and is he aware of any reports conducted by other departments or another government?

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

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I'd like to thank the Honourable Member for Thompson for being able to discuss this matter with him prior to him asking the question. I can advise the honourable member and members of the House that both the government of the Northwest Territories and the Federal Ministry of Transport have in their possession a report recently completed by the Northern Transportation Company Limited.

Now this report outlines a comprehensive intermobile type of transportation proposal to handle all the bulk and all the dry cargo requirements of the communities in the Keewatin District of the Northwest Territories. If the proposal is accepted in the near future, the Northern Transportation Company could have a tug and barge operation based in Churchill by the summer of 1973.

Mr. Speaker, apparently the latest report confirms and reconfirms the findings of a study presented last year through the Ministry of Transport and the Government of the Northwest Territories. I would inform members of the House that the Northern Transportation Company is a Federal Crown Corporation and in fact is the largest marine operation in the Arctic and has been in existence for about four years. It's my understanding that in the latest report and the one also completed last year that the Northern Transportation Company does propose to base tugs and barges at Churchill. This would permit the shipping season for the Keewatin communities to be expanded by about two months over the present system which originates in Montreal. I think the benefits of an earlier shipping season to the residents . . .

MR. SPEAKER: Order, please. This is the question period. It seems to me the Minister is making a statement. I should like to also indicate that the questions if they are asked should be confined to the narrowest limits. Now, I have been quite wide in my latitude in regard to the question period but I do think we should follow the proper procedure and not start reading statements now. The Member may have had a notice of this question but it hasn't been indicated to this House and it seems to me the question is awful lengthy. The Honourable Minister of Industry and Commerce.

MR. EVANS: Thank you very much, Mr. Speaker. I will simply say that if the report can be implemented by the Federal Government, there will be a creation of 20 jobs in Churchill and there will certainly be other economic benefits for the Province of Manitoba and I trust the Federal Government will take the right action in this matter.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): I rise on a point of order, and I must protest. The ministerial statement that the Minister is now making is in the disguise of an answer to a question. The Minister has an opportunity during the early part of the proceedings of this House to make a ministerial statement to which there is entitled a reply from this side of the House, and if he's afraid to have his statements replied to then he should not make them at all.

MR. SPEAKER: Order, please. Order, please. The point is well taken in regards to the point of order raised by the Honourable Member for Morris but he was in essence really debating a ruling I had already indicated so he, too, was to a degree out of order. Question period. The Honourable Member for Inkster.

MR. SIDNEY GREEN, Q. C. (Inkster): Mr. Speaker, on the point of order . . .

MR. SPEAKER: Order, please. I just indicated the Honourable Member for Morris was already out of order on that particular point. The Honourable Member for Inkster.

MR. GREEN: I would merely, Mr. Speaker, -- in response to what the honourable member had said - and I believe there is merit to what he has said - asked whether the House Leader would not agree that the statement having been made, that to remedy the situation that the rule be reverted to, and that opposition be permitted to make remarks on the statement as if it had been made during Ministerial Statements and if the House Leader would do that that would at least remedy the situation . . .

MR. SPEAKER: Order, please. The honourable gentleman is suggesting a further complication of an already out-of-order procedure. I have adjudicated that it was out of order and so therefore will leave the matter at that point. The Honourable Member for Inkster wishes to raise another point of order?

MR. GREEN: No, Mr. Speaker, I'm asking for the unanimous consent of the House to permit a member of the opposition to get up to speak to the statement that has been made by the Minister of Industry and Commerce. -- (Interjection) --

MR. SPEAKER: Oral questions. The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I have a question for the Honourable Minister of Labour. Has the Minister any information or a report for the House concerning the union busting and decertification of a bargaining unit within the MDC office staff?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: No.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I have a question for the Honourable Minister of Agriculture. Could the Minister indicate why this government is refusing to go along with the proposed small farm development plan offered by the Federal Government?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Well I'm not sure that that is the position of the government. I believe that we have not yet arrived at a position.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a supplementary question for the Honourable Minister of Labour. Would he undertake to provide the House with the date of the decertification of the bargaining unit within the MDC office staff?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, that is a matter of public record. If my honourable friend desires the information, if she would phone the registrar at the Labour Relations Board, she would get the information.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I rise on a point of privilege. A couple of weeks ago you indicated to some members of the House that they should give a Minister notice if they are going to ask him a difficult or complicated question. I did that precisely today so the Minister could have the information and I am being chastised by the Speaker for having done precisely that.

MR. SPEAKER: The honourable member doesn't have a matter of privilege for the simple reason that I indicated in my preface to my remarks when I was making the ruling that no one indicated that notice had been given; and secondly I did indicate that it was a statement the Honourable Minister was reading from, and since I had no notice that the question had been given as notice, therefore how was I to be aware of it? This is the last time I'm debating a matter on the question of procedure with the Honourable Member for Thompson or with any other member of this House. I think my rulings have been fair and impartial. There's a normal procedure for challenging my rulings. I wish all members to take the opportunity of that. I am human, I can make errors but I think we should adhere to the procedures that you people have laid down in this Assembly and I ask your assistance to carry that out. The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): I'd like to direct a question to the Honourable Minister of Industry and Commerce. I wonder if the Honourable Minister has any further clarification in the matter of ownership of Columbia Forest Products for the people of Manitoba?

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

MR. EVANS: Mr. Speaker, as far as we're concerned the issue is very clear. However we will be making a statement hopefully tomorrow or perhaps the day after tabling documents and setting the record quite clear as to who is responsible for what at Sprague.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK Q. C. (Leader of the Opposition) (River Heights): Mr. Speaker, my question is for the Minister of Municipal Affairs. Does the Manitoba Housing Renewal Corporation, a public housing corporation, pay agents fees for any tenants that may be referred to it who ultimately rent from the corporation?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs) (Selkirk): The question is: Is the Manitoba Housing Renewal Corporation paying agency fees to any one referring tenants to the Manitoba Housing Renewal Corporation -- certainly not to my knowledge.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question. Is any remuneration paid by the public housing corporation for any referrals of tenants who ultimately rent?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: No, and if the honourable member has particulars of any such material then I would request that he make that material available to me.

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

MR. GIRARD: I'd like to direct another supplementary to the Honourable Minister of Industry and Commerce. Is this statement to be made in the House this afternoon?

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

MR. EVANS: Mr. Speaker, I indicated that I intended to make this statement either tomorrow or as soon as possible thereafter. -- (Interjection) -- Well obviously I meant -- my inference was that it was to be made to members of this Assembly.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I have another question for the Minister of Industry and Commerce. I wonder if he can inform the House as to whether or not the expenses of Mr. Cockerton that we spoke of yesterday were in fact paid by MDC?

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

MR. EVANS: Mr. Speaker, this is a detailed administrative question which I don't have the answer for.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: A supplementary. I wonder if the Honourable Minister would undertake to provide this answer if we should ask that question again tomorrow.

MR. SPEAKER: To begin with the question is hypothetical and if it's asked again tomorrow it's a repetition so in both counts it's out of order. Orders of the Day. The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. My question is for the Minister of Agriculture. Will the Minister of Agriculture attempt to make representation to the Saskatchewan Government to allow Manitoba farmers and other Manitoba people to own land in Saskatchewan?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: I would hope, Mr. Speaker, that Manitoba citizens would respect the laws that govern other jurisdictions as we would like them to do as well.

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

MR. GIRARD: I'd like to direct a question to the Honourable the First Minister in the absence of the Minister of Education. I wonder if he could inform the House if the plans to hold public education meetings will include areas outside of the urban centres, be it Winnipeg and Brandon, and if so when will these same kind of meetings be held?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: The first part of the question was not heard clearly.

MR. SPEAKER: The Member for Emerson.

MR. GIRARD: Mr. Speaker, I'm referring to the public school meetings that have been held such as was held at Tech Voc last weekend. My question is: Will these meetings, these public school meetings be held in areas outside of the urban centres of Manitoba to discuss the new policies with regards to education? Most specifically the areas which seem to indicate that areas of less than 2,500 population will be scrutinized possibly more closely with regards to school buildings.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well Mr. Speaker, that was a lengthy question so obviously the better

(MR. SCHREYER cont'd) . . . course of action would be to take it as notice. I think the honourable member will agree that there are certain obvious criteria that are used in determining both by the school division boards, by the province, by hospital boards, where certain basic social infrastructure ought to go. The Honourable Member for Emerson would be aware of some of those criteria.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I'd like to address another question to the Minister of Agriculture. Is it the intention of this government to bring in legislation similar to what is introduced in Saskatchewan regarding purchase of land by foreigners, even though they may be Canadian citizens.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Obviously Mr. Speaker, that's a matter of policy that would be announced if it was decided upon.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I would like to direct a question to the Honourable Minister of Colleges and Universities. I wonder if he could confirm to the House that some of the construction of buildings at the University in the last year or two have cost up to \$30.00 per square foot.

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

HON. SAUL A. MILLER (Minister of Colleges and Universities) (Seven Oaks): Mr. Speaker, I would have to take that question as notice. I don't have this kind of information.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: I have a question for the Attorney-General. Has the Attorney-General received a brief from the Winnipeg Parents Association with proposals concerning our Rent Control Board?

MR. SPEAKER: The Honourable the Attorney-General.

MR. MACKLING: I'll take it as notice.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I wish to direct my question to the Minister of Industry and Commerce. The question is has the MDC an equity in the Grey Goose Bus Lines? Has the MDC an equity in the Grey Goose Bus Lines?

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

MR. EVANS: Mr. Speaker, not to my knowledge.

MR. PATRICK: A supplementary, has the bus line loaned from the MDC?

MR. EVANS: Well, Mr. Speaker, unlike the previous administration, as I have said many times in this House, we publish on a quarterly basis all loans and all financial assistance given by the Manitoba Development Corporation to any company, firm or individual in the province of Manitoba. Now prior to us making this policy decision, prior to this administration making this policy decision, loans were made by the MDF and the MDC under secrecy provisions that were the policy directives of the previous administration and we intend to honour the loans that . . .

MR. SPEAKER: Order, order please. Order please. I do not wish to remind the Honourable Minister, but he is again using his prerogative and extending the answers beyond the limit. Orders of the Day. The Honourable House Leader.

ORDERS OF THE DAY

MR. PAULLEY: I wonder, Mr. Speaker, if you would kindly call the adjourned debate on Bill No. 21 standing in the name of the Honourable Member for Fort Garry.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Well, Mr. Speaker, so we come to Bill 21 -- (Interjection) -- an unnecessary, an illogical and an unsupportable piece of work, Mr. Speaker, and one that will be bad for the economy. Mr. Speaker, it's worth saying I think that it's an interesting point in time, perhaps indeed a privilege to sit in this Assembly at this particular stage in this particular session, because I suspect, Sir, that a drama of some considerable historical and political import for Manitoba and for my honourable friends opposite is unfolding. I suspect, Sir, that those of us who are here now are presiding at this point over the beginning of the decline and fall of the Schreyer government. Mr. Speaker, sixteen centuries ago the great historians of Rome chronicled the collapse of that institutionalized empire. They wrote about the decline and fall and collapse of the state and the republic even while it

(MR. SHERMAN cont'd) . . . was falling around them, even while the house of cards was crumbling around them; and I think, Mr. Speaker, that today we have in the Fourth Estate that sits yonder in the press gallery in this building those chroniclers who will in the course of the next eighteen months be finding themselves faced with the repretorial assignment of chronicling the decline and fall and collapse of this government, the government that sits opposite. And to think, Mr. Speaker, to think that it all begins right here with tax bills like this one.

Mr. Speaker, I refer to the decline of Rome and I cast my mind back across those centuries for a moment to draw a parallel and make a point if I may and remind you, Sir, of some of the factors that contributed to that decline and that fall. There were of course many and it has proven a difficult assignment for historians to attempt to identify a particular one. The list included the difficulties that the republic faced from the enemies without, from the gods and the vandals, and the barbarians and the hoardes who had made forays into the Empire and weakened it and sacked various of the cities. The republic was encumbered with expensive wars abroad and with the expense of maintaining overseas garrisons. There was corruption and graft in social and political and imperial circles at home. There was a decline of many of the old moral values, the old standards of behaviour and there was manifest license and corruptibility among many of the Caesars. But all these were relatively peripheral factors contributing to the decline of that imperial state and that form of government and that age, Mr. Speaker.

There was one factor that overshadowed all of them that is acknowledged by most historians as having been of fundamental importance in concert with the others but of fundamental importance in leading to the collapse of that institution and that political form, that political state. And the one single thing that really did it, Mr. Speaker, the one single thing that really brought the whole house crumbling down was taxes. It was taxes, taxes, taxes to the point where the Roman people were taxed to death. And, Mr. Speaker, the amazing thing about the kinds of legislation that we have been debating on many occasions in this House in this current session, is the fact that the government sitting opposite does not yet recognize -- or if they do recognize they do not admit to such recognition -- that Canadians are reaching that point where they feel taxed to death, Mr. Speaker, and many Manitobans will tell you that in this province not only are we reaching it but we have reached it, we have moved to that point. Yet incomprehensibly, Sir, we have a government opposite to whom the message has not got through. We have the fantastic spectacle in fact of a government that believes that people here today are not being onerously taxed -- (Interjection) -- are not being limited and restricted in their scope of activity, economic and social; and that in fact, the government can convince the people that there really are no heavy tax burdens, or onerous tax burdens on their shoulders at all.

Just yesterday we had a speech by the former Minister of Mines and Resources, the Honourable Member for Inkster who still carries much of the debating load for the government, particularly on issues and legislative measures which are likely to provoke some opposition reaction. We had a speech which purported in the main -- in my opinion, Mr. Speaker -- to attempt to gloss over the fact that heavy taxes, income and otherwise, cripple and hobble Manitobans at this time and in fact attempted to create the illusion or the delusion that taxes for Manitobans aren't so bad. That all things considered we Manitobans really aren't suffering from heavy taxes at all.

Well it was a beautiful piece of verbal sleight of hand, Mr. Speaker, performed in the best manner and the best form and the strongest and most dramatic capacity that the Member for Inkster can summon, and he can summon an impressive one. But it recalls nothing so much really as the typical performance of the old time travelling medicine show and the old medicine man himself who was called upon and motivated to make his living by the old magic routine, the old -- now you see it, now you don't routine -- just watch what I've got here, ladies and gentlemen, and I'll show you some of the greatest feats of magic ever performed. -- (Interjection) --

So here we had the marvellous magic, Mr. Speaker, of Dr. Sidney Green; and in this case on Bill 21 the marvellous magic of Dr. Saul Cherniack, silver tongued salesman of everything that's good for you and practitioners of the greatest feates of magic ever seen between the Red River and the Rocky Mountains. And how does the magic medicine man from Inkster handle his Act, Mr. Speaker: Well he gets up on the back of his figurative wagon and

(MR. SHERMAN cont'd) . . . he beckons the crowd around him -- and the people assemble at his feet, and then he goes into his rabbit and top hat routine and he convinces them, persuades them that he is going to draw from a top hat in this hand a long eared rabbit with the other. The only thing is, Mr. Speaker, that after the hypnotic kind of introduction that he is able to deliver, after the mood that he gets the people in, he knows that he can put his act on and impress those who are present at least temporarily, at least for the time being without really having the tools of his trade that he professes to have.

He does his rabbit and hat routine but he doesn't have a rabbit, Mr. Speaker, and he doesn't have a hat. All he's got is the routine. -- (Interjection) -- All he's got is the routine, Sir, and he does that very well. He handles it very well. He holds out his imaginary hat and he says to the people, "See here I've got a hat," and the people say, "Well I don't see any hat there." I'm getting to the bill, Mr. Speaker. And he says "Well you see a hat here, you have to see a hat here because if you don't see a hat here it'll spoil my routine." So everyone goes along with it, and accepts the impression. And the same thing happens when he reaches in to pull the rabbit out, Mr. Speaker, and if you don't go along with him, if you don't accept the fact that there's a rabbit where there ain't one it spoils his routine -- and finally the people become wise to the fact that the old medicine man had simply a magical trick routine and they would drift away.

MR. SPEAKER: Would the honourable member dip into the hat and get the bill out?

-- (Interjection) --

MR. SHERMAN: Mr. Speaker, like the Honourable Member for Inkster I've got no hat -- I've just got the routine. -- (Interjection) -- So, Mr. Speaker, the people finally drift away in dismay and that, Mr. Speaker, is what is going to happen to the people of Manitoba who have been supporting and voting for the government that has been trying to tell them through speakers like the Honourable Member for Inkster and the Honourable Minister of Finance that really there aren't any taxes, really they don't have heavy income taxes. They really don't exist. A man may take home a pay cheque that has a 40 percent bite taken out of it by taxes, but the government says to him those aren't taxes, there's not forty percent missing from your pay cheque; we're not heavily taxed in this province, there's nothing onerous about the burden you are carrying. And finally, finally through the kinds of crystal logic that is brought to bear on this argument by many of the best orators on the government side they temporarily stun, hypnotize and mesmerize the public into believing perhaps that they are not that heavily taxed. But then the public goes away and thinks about it and a man looks at his pay cheque again and he says, "By golly, there's something wrong here, Mr. Speaker, there's a forty percent chunk taken out of this pay cheque. I must be taxed. I must be taxed -- there must be some taxes being taken off me." And that realization, Mr. Speaker, is slowly and inexorably and certainly finally creeping through, finally making its way felt, finally making its way understood across the length and breadth of this province. And the government can no longer get away with the argument, with the magic act, that sleight of hand performance of saying that we are not heavily taxed, there are no onerous tax burdens in this province and we can go on raising levies in various different fields and on various different levels. And the appearance of this particular Bill, 21, amending the Revenue Tax Act is further evidence, Mr. Speaker, is further evidence of that stubborn refusal on the part of this government to understand and recognize the unrest and the dissatisfaction that is building up -- not only in Manitoba but among Canadians in general, but we are concerned with Canadians who live here in this province -- the dissatisfaction and the unrest building up among people with the taxes that they are having to bear, the load that they are having to carry at this time.

Mr. Speaker, the tax load increase of recent years includes a great many easily identifiable items which conveniently were missed by the Honourable Member for Inkster when he spoke on a companion bill yesterday. The four budgets to which reference has been made in this House in debate with respect to the kinds of tax measures introduced by the Minister of Finance fail to include, fail to include mention or notice of many of the increases of a taxation nature that have found their way into the pay cheques and the pocket books of wage earners and housewives in Manitoba during the past three years.

Mr. Speaker, there was for one item only, the 1970 taxation year, an increase in income taxes which ran at something like 8 percent on the personal income level and something like 18 percent on the corporate income level and if anyone believes that increases in corporate income tax do not find their way down to the level of the individual income taxpayer, I think

(MR. SHERMAN cont'd) . . . he or she is living under an illusion.

Mr. Speaker, there was the rise in land titles fees and other fees connected with the duties of the Attorney-General's Department introduced within the last two years. There was the increase in the cost of fishing and hunting licences and camping fees - - and camping fees. There was the fact that Manitobans this winter did not get the benefit that many other Canadians got of the three percent reduction in the Federal income tax because of the fact that the provincial administration moved into the field that was being vacated. There is the fact that despite the increased levies, the increased taxes that this bill seeks in certain areas of enjoyment - - certain areas of drink and liquor - - there is a substantial increase in banquet permit costs and liquor banquet permit costs introduced under the Manitoba Liquor Control Commission within the past two weeks. All these, Mr. Speaker, truthfully speaking add up to a taxation load. Whether they can literally fit in to the Member for Inkster's definition of taxes or the Minister of Finance's definition of taxes is beside the point. I can assure you they fit into the average wage earner's definition of taxes, all of them truthfully amount to a form of taxation being carried by the wage earner and the housewife in this province whether or not it measures down in terms specifically speaking of income tax is quite irrelevant and beside the point.

Mr. Speaker, our position on this particular bill and the areas of activity affected by the requested taxation increases is that all things being equal - - probably if you have to tax - - then liquor, tobacco and amusements are probably prime and fair vehicles for carrying that tax assignment. I don't think there's anyone on our side who would dispute that general principle that these are reasonably fair vehicles for carrying the tax assignment - - up to a point, up to a point - - and only up to the point where the government, the government of my honourable friends opposite insists that the abiding, the abiding principle of taxation legislation in its province should be the concept of the ability-to-pay. And when you come into conflict with that kind of principle and that kind of concept which I suggest this bill does, Sir, then we come to the initial point that I made when I suggested at the outset of my remarks that this bill is illogical. It is illogical in the extreme measured in the term of reference that the government applies to the taxation concept in which it believes because the government has insisted from the outset, from the beginning of the life of this Legislature that taxation should be based on the concept of ability to pay and that they would introduce the kind of taxation measures and fiscal measures in this province that did justice and homage to that principle and that philosophy.

Well, Mr. Speaker, they've come into conflict with some of their principles in this bill. As I say up to a point all things being equal it is acceptable to regard this kind of area as an area that should carry a tax burden and perhaps it's fair on one level in comparison to other forms of taxation. But if you're looking for the ability to pay I would suggest that there are very few areas in taxation that would be more unfair than these, Mr. Speaker, because certainly the Minister of Finance and his colleagues can be under no illusion that only people of average and upper average income levels enjoy the areas of activity covered here, enjoy liquor, enjoy smoking and enjoy forms of professional amusement and entertainment.

Mr. Speaker, this kind of bill and this kind of legislation hits the low wage earner probably harder than it hits the average or high wage earner because many other forms of recreation are available to the high wage earner and average wage earner which are denied through the areas in which people live, through the access that they have to libraries and other cultural institutions which are denied low wage earners. And for that very reason, Sir, these taxes prescribed here in this bill hit the little man, so-called, harder than they hit the average or the wealthy man. These taxes certainly at the very best hit poor and rich alike if you want to use those terms, and they've been introduced in many debates in this session by my honourable friends opposite, and I ask where is the logic and where is the consistency and where is the faithfulness to the ability to pay concept which they have hymned so loudly in this Legislature.

Mr. Speaker, the Income Tax Act, the companion bill to the bill we're facing today, indicates beyond any kind of argument that the government wants to mount that Manitoba's income tax level is now the highest in Canada. Its level is the highest in Canada. And if there should be any argument on the part of my friends as to whether this kind of taxation increase proposed in Bill 21 is defensible or acceptable on the grounds that our income tax and other tax levels are not onerously high then all they have to do if they don't believe their own pay cheques and their own tax bills, is talk to the people of the province and ask them to check their pay cheques and their tax bills and I think the message will as I suggested yesterday in debate on the companion bill, Mr. Speaker, be abundantly clear. It can be argued in terms of

{MR. SHERMAN cont'd) . . . pure sophistry that the increases in the provincial level of income tax that become effective as a result of the changes in the federal-provincial tax sharing agreements this winter really don't represent as much -- really don't represent an actual increase they only represent an increase in mathematics, an increase on paper. But the fact of the matter is, Mr. Speaker, that the individual Manitoban is not impressed by that kind of academic argument when he finds himself or herself finding it more difficult with every passing week and day to make ends meet on the pay cheques which he is earning; to make ends meet not only in terms of the cost of goods facing him but in terms of the taxes which he has to pay whether they be income tax or they be levies on these other kinds of activities to which I've referred -- the activities covered in this bill and the many activities such as camping, fishing, and land titles operations that I covered a moment or two ago and were introduced earlier in the life of this Legislature by this government. All those levies add up to a load that has become almost more than the average good-natured Manitoban can good naturedly bear. And in concert, taken with the increases that he faces in the cost of goods, they combine to construct for him a tax jungle that is now reaching the point I suggest which will find Manitobans saying that they feel themselves taxed to death, Mr. Speaker.

Mr. Speaker, our position on this bill is that we do not need to introduce taxes of this sort, tax increases of this sort to provide benefits for the Finance Minister to introduce to Manitobans a year or a year and a half hence. There is no logic and no defense to that kind of fiscal measure. Why do we have to raise taxes at all if they're to go for benefits that are some ethereal conceptual kinds of benefits the Finance Minister wants to introduce a year or a year and a half or two years from now? Why can we not think in terms of an income tax cut, a selective income tax cut preferably, that would put more money into the pockets of Manitobans and more thrust and impetus into their approach to this economy?

Mr. Speaker, we believe that expenditures by this government could have been cut and we believe that properly cut, properly administered and properly managed income tax reductions would have been possible and we do not think that any tax increases are justifiable for Manitobans at this time. Whether or not there is something to be said for taxing the little pleasures and luxuries of life as opposed to the necessities of life -- and I agree that there is something to be said for that that the bald fact of the matter, Sir, is that we do not endorse or subscribe to the concept of any tax increases in any form for any Manitobans at the present time.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I believe that I did stay around long enough to enjoy the interesting parable that the Honourable the Member for Fort Garry related concerning myself as some sort of magician. And I thought that I would use the opportunity of responding to him by indicating that the parable is similar but significantly different to a parable that I myself used at the time that I was an opposition member when -- (Interjection) -- Yes, I discussed the hat trick -- when I was an opposition member and the previous Weir administration had introduced a budget which they said was balanced. In other words that the expenses equalled the operation, and that there were no tax increases, and that \$30 million which was required to finance the provincial share of Medicare was going to be financed not by taxation but by a premium which would cost roughly \$10.00 a month. And I know that the honourable member would probably say that I'm belabouring this issue of the premium but I'm telling it to him merely to relate the parable because it was so similar. And at that time I said that the Premier of the province had devised what I called a "weird system of financing." He said that he wasn't going to involve the government in taxation, that he was going to come out with a budget where expenses equalled the revenues, that there was no differences between them and that there would be \$30 million financed not by taxation but by a premium of roughly \$10.00 a month.

At that time -- and the Member for Morris was there and read the speech last year which proved that it had some impression on him -- I said that the former Premier reminded me of a magician -- I used the same term -- who appeared before an audience but the former Premier did have a rabbit, that it wasn't an illusion; and he did have a hat and that wasn't an illusion. And the rabbit was taxation and the Premier got up in front of the stage as magicians do and said, "I am holding in my hand a rabbit which represents taxation and a hat which represents the budget" -- I don't know if I used that term but it's okay to use it now -- and that with the words "abracadabra Calamazoo" the rabbit disappeared and the public would be very impressed, they would look at it and they would know that something incredible had happened,

(MR. GREEN cont'd) . . .

But one thing they knew is that the rabbit did not disappear; that the rabbit was not an illusion; that somehow the magician had tried to make it appear that the rabbit wasn't there any more, representing taxation, but the rabbit really was there and one only had to know what the magician's trick was in order to find the rabbit. And of course the magician's trick in that case was to say -- was to label, was to label the rabbit not as taxation but as a premium.

And, Mr. Speaker, I see the Member for Sturgeon Creek is impatient with me. I'm sorry to have taken up his time but I thought that the Member for Fort Garry would be interested, Mr. Speaker, would be interested in the fact that he is now employing a parable which I found entertaining, even though it referred to myself, which I employed in different terms of roughly four years ago. And of course the Member for Fort Garry will give me the liberty of thinking for at least my point of view that I had much more cause and much more reason to have used the parable with effect than he has had this afternoon, but I recognize that that's placing my own argument at a higher scale than his which of course he needn't accept and I don't expect him to.

Now, Mr. Speaker, I'd like to talk about what the honourable member said about this particular bill, one of the principles that I have learned about in discussing any issue -- and I think that the honourable the members of the opposition should listen because I think it should apply to them too -- is that you don't take issue with a good point; that if you wish to maintain credibility you allow a good point to be made and to accept that good point. You don't argue for instance -- as was argued by the Leader of the Opposition yesterday -- that the government has increased taxation and intend that it means that we increase the rate of taxation over four years when in each individual case there has been no increase. If that is the fact then you accept that fact and go on to something else. And I want to go with the Member for Fort Garry and accept certain things that he said not only because they are correct, Mr. Speaker, but because I have argued the very same way myself and if the honourable member argues what I have argued then he must be indeed an intelligent fellow and he must be using the right arguments.

Now, Mr. Speaker, the fact is -- (Interjection) -- Well the Member for Thompson says we are both wrong and the fact is, Mr. Speaker, I would think that a majority of the people probably accept the fact that we are both wrong. But one thing that he did indicate is that that party is prepared to accept up to a certain point the fact that the small pleasures of life such as cigarettes, such as liquor, such as amusements are legitimate sources of taxation. And I think they accept it with a vengeance, Mr. Speaker, they accepted it in the Province of Ontario to the extent that they went for \$120 million in this form of tax. They went on cigarettes, they went on beer, they went on liquor, they went on amusements and they in fact all of their tax increases went after what the Member for Fort Garry correctly called the little man, the most regressive form of taxation. Because what sense is there, Mr. Speaker, in saying that because one person who is poor smokes and one person who is rich does not smoke the government decides that the person who is poor will pay for the education of the person who is rich. And indeed if we collected all of our taxation on that basis, if that was the thrust of taxation, Mr. Speaker, I don't think that anybody could live with it. I don't think that I could live with it and I don't think that my honourable friends although they indicate some predisposition to such form of taxation I really think that eventually they couldn't live with it because I don't think that the people would accept that kind of thing. But, Mr. Speaker, the fact is that after my honourable friend says that we are willing to have this type of taxation that we are normally disposed to this type of taxation he then refers to it as a regressive and oppressive tax.

Well, Mr. Speaker, I find it difficult to understand why the members of the opposition and many people in society would say that they prefer a tobacco tax, even if they themselves smoke, which would cost them let's take a figure, \$15.00 a year, as against an income tax which would cost them \$5 or \$6.00 a year, or as against a sales tax which might cost them \$7 or \$8.00 a year. There seems to be built into people who smoke and who will have a drink, there seems to be a self consciousness about smoking and drinking which makes them think that this is evil and this is an old sin tax complex which has lived with us for many, many years and is so ingrained, Mr. Speaker, that many of the people who will suffer by that form of taxation still prefer it to an income tax, still prefer it to a sales tax, even though the incident is more weighty upon them. And even given that characteristic, Mr. Speaker, which

(MR. GREEN cont'd) . . . I certainly can't go along with, if the government, the Minister of Education - of senior education - says it's a form of masochism, and I suppose it is, but, Mr. Speaker, even if I knew that it was a form of masochism, even if I knew that it would be acceptable, I still would not want the thrust of this government's policy to collect taxation in that area. And if there were from the opposition, if there were from the opposition, Mr. Speaker, shouts of or cries from the public that know if you're going to relieve the real property tax payer - - and remember that is the purpose of collecting the tax -- what the Minister of Finance has said is that we've got \$30 million to collect or roughly 30 and again I don't want my figures to be pinpointed. We've got roughly \$30 million to collect. We're going to raise \$20 million by another form of tax, and if the Member for Fort Garry would get up in this Legislature and say that in order to go from a regressive tax - that is real property taxation - to a progressive tax, put on an income tax, Mr. Speaker, I would be in a very difficult position not to support the Member for Fort Garry. Or even if he was to say in order to go from the real property tax which is a regressive tax and go for a sales tax, then I would have a difficulty not supporting that proposition; because in either case you are moving from a regressive tax to a progressive tax.

But that's not what I've been hearing from the opposition for the last two and a half years. I've been hearing from them that they complained when we moved from the regressive tax of premiums to the income tax, and I've heard nothing from the opposition in the last two and a half years except that the income tax is the most regressive form of taxation. It's the one that's going to hurt us; it's going to be the one that's going to encourage people to leave the province; it's the one that's going to reduce our economy, and on that basis, Mr. Speaker, one has to compare what the government is saying to what the opposition is saying. Both groups have said very clearly, both the government and the opposition, that we want to give relief to the real property taxpayer. We think that the taxes on homes is not related to ability to pay and is oppressive on people to the extent that some of them are losing their home. We join issue on that. That's been the resolutions which have been introduced by the Member for Assiniboia, supported by the members of the opposition, continually referred to by members of the opposition, and generally has been the thrust that has been coming from municipal levels of government. So there's no issue there, and therefore there being no issue, it would be useless and a bad exercise for me, and I admit that it would be trying to create an illusion if I tried to join issue and therefore I don't join issue. The fact is that everybody agrees that the real property taxpayer has to be relieved.

Both parties should agree, Mr. Speaker, and here's where I think that the Member for Fort Garry is the one who is trying to create the illusion because, Mr. Speaker, I can't remember anything in my speech nor did the Member for Fort Garry indicate a single point which I made which was illusory rather than factual. He said that with all of these factual points he has created an illusion but he didn't challenge any of them factually. That being the case, Mr. Speaker, there was no illusion on that issue and I don't think we should create an illusion. Secondly, I don't think there is an illusion although members of the opposition might try to create one, that this shift from real property - that if you take one tax and you relieve from it and you want to maintain the same revenue, you have to pick it up through another tax, unless you reduce expenditures. The honourable members of the opposition are trying to create the illusion by the rabbit and the hat trick that they would reduce expenditures; however if we go back to their record in office we will see that in no year did they relieve people from taxation by reducing expenditures. And not only, Mr. Speaker, did they not do that in any year but I don't think that they have shown us that a Conservative administration in Canada has done it. There has been no government that has shifted taxation by a reduction of expenditures. Not a single one. And as a side light, Mr. Speaker, the most recent elected government, Progressive Conservative - or did they just call themselves Conservative government? - the most recent Conservative government in this country is the government of Frank Moore's in the province of Newfoundland. What did this great Conservative do to show his relationship to the business community, to show his orientation towards free enterprise, in the middle of an election campaign, Mr. Speaker? In the middle of an election campaign, he nationalized the pulp industry of that province. -- (Interjection) -- And he was right. So good an issue was it that he nationalized the pulp industry in that province in the middle of an election campaign and he was rewarded by the people of the Province of Newfoundland by having been given a great big majority.

(MR. GREEN cont'd)

The Liberal Party that talks about us as if we are scaring industry, and I remember the motion that was introduced by the Member for Portage la Prairie - well what is the most recent Liberal, or one of the most recent Liberal governments? One of the most recent Liberal governments, Mr. Speaker, the government of Mr. Reagan of the Province of Nova Scotia. What is the most important thing that Mr. Reagan points to as being the success of his administration. Do you know what it is? He nationalized the power company.

A MEMBER: Hear, hear.

MR. GREEN: That's what he did, Mr. Speaker. He nationalized the power company. But none of those governments have given a tax rebate by cutting expenses. So when we hear from the Member from Fort Garry that that's the way they're going to do it then I ask the members of this Assembly to judge who is creating the illusion. And if we dismiss the illusion and we come face to face with the facts which I have asserted in every year that I have been in this House, that if we relieve people of taxation in one area, it's not because there is money in thin air, it's not because money grows on trees, that we are going to reimpose it in another area. And I have never said anything different nor do I believe that anybody in this party speaking responsibly when I was in the Legislature during the years 1966 and 1969. In every case where we said that we would relieve a form of taxation, we indicated that we would put it on another area. We never said we would do it out of thin air, but those people who claim to be magicians, they are going to relieve that real property taxpayer by getting the money out of thin air. That's the illusion that the non magicians on the other side of the House have been trying to creat.

All right, Mr. Speaker, I say let's dismiss that illusion. We have to then come face to face with the issue. There's going to be a tax relief and that's going to be accomplished by taking one form of taxation which is regressive and transfer it to another form of taxation which is more progressive. The Minister of Finance has thrown out a proposal. He says that real property taxes are regressive; that a more progressive form of taxation would be to add the production machinery to the five percent sales tax - that raises \$12 million. To add something to the tobacco tax, not really to increase it but to have the tobacco tax at the same level in terms of the proportion of revenue received from it, to continue on as it continued before or near about that rate, and because we know that these things hurt the little people, the people who have not got an ability to pay, we are going to impose a liquor tax but we're going to leave it off beer completely -- off beer completely, which is not what my Conservative friends did in the Province of Ontario, they taxed beer - and we will leave it off table wine completely below the sum of \$3.00.

Mr. Speaker, I'm not entirely happy. I have to say that contrary to what the Member for Fort Garry says, I never ever said that taxes are easy in the Province of Manitoba and that we are riding on Easy Street and that people are not worried about taxes. I would submit that if the taxes were half of what they were that people would complain about taxes. I would say that if the taxes were three-quarters of what they were, people would complain about taxes. And I'm not criticizing people. I would complain about taxes. Nobody likes taxes, but the people recognize that there are certain things that they could do collectively at a cheaper price than doing it themselves and therefore they accept a certain level of taxation. But we are never going to remove, and I accept the fact that we will never remove the complaints about taxes, and that furthermore no matter at what level taxes are, people will complain. So I know that there is not going to be a tax that we move to which will not be the subject of some complaint but being a responsible government we have to impose some type of taxation.

The Minister of Finance threw out a proposition: \$12 million by production machinery; I don't know how many million by tobacco taxes; another amount by the liquor, and then when you put them altogether they come to \$20 million. And if the members of the opposition had said, well if you want that 20 million put it on the income tax, put it on sales tax, put it on something else which is more progressive to what the Minister of Finance has proposed, then I could listen to them with some credibility. But, Mr. Speaker, they say they don't want an income tax, they don't want a sales tax, they don't want a capital gains tax, they don't want an estate tax, they don't want the royalty tax, they don't want the tax on the amount that you have to pay when you get a liquor licence, they don't want any taxes. Now I accept that as an opposition position, but I can't accept that as a position which would cause me not to vote for the bill which is being presented by the Minister of Finance as a means of remedying something

(MR. GREEN cont'd) that everybody agrees is not in issue, and that is that there has to be some relief from the real property taxpayer.

Now I will not join issue with the Member for Fort Garry. I will not say that the tobacco tax is a wonderful tax, I find it the most difficult thing to accept that the Minister of Finance has done. I find that and I find that I'm in the minority in that respect. I find that people who smoke two packages of cigarettes a day and have no ability to pay say the government is right in imposing this kind of tax, that this is a tax on sin and I really shouldn't be smoking. and Darcy McKeough, the Minister of Finance in the Province of Ontario went to the length of describing this as "an essentially avoidable tax." I didn't hear the Minister of Finance of this province say that. Maybe he has. --(Interjection)-- I'm saying that the Minister of Finance in Ontario has described it as an essentially avoidable tax. I don't know whether our Minister has said that but he's nodding his head. No, he's not saying, he didn't say it. I'm glad that he didn't say it, Mr. Speaker, because that's another illusion. That's another illusion.

The fact is, Mr. Speaker, that if this was an essentially avoidable tax the government wouldn't be imposing it, because the government is imposing it to get revenue and not to lose revenue. If they thought that people would stop smoking cigarettes by the imposition of this tax they would have to look for another tax. So it is not an essentially avoidable tax. The person who likes a cigarette is the same as any other person who has a small pleasure and I can't regard it as being a tax which goes all the way with the ability-to-pay principle. I will not join issue with my honourable friend on that question. But I say that the total package, Mr. Speaker, the total package of what we have done in the area of taxation in the four years has been to put so much tax into the ability-to-pay principle that people seem to accept the fact that some of the other levels should be at least brought to par to what they have been before. Frankly, Mr. Speaker, I'm not happy about it. I wish the Member for Fort Garry would say, look take off the tobacco tax, put two points on the income tax. Boy I'd like to see that kind of leadership. Maybe the Member for Sturgeon Creek is going to do it yet. Maybe they are going to do it. Because, Mr. Speaker, if they will suggest that there is a more progressive tax to the one that we are using I'm all ears, but I haven't heard that from them.

I've heard the magicians get up and say that they are going to do what no Conservative administration in this country has done; what no Liberal administration in this country has done; what no New Democrat administration in this country have done: they're going to make that tax shift, they're going to give that relief without imposing taxes. They're going to print money like the Member for Rhineland would have us do. If that's the choice that is offered, Mr. Speaker, I can't choose. I'm sorry. I can't choose the Member for Fort Garry's argument even though I can't take issue, and I won't take issue on a point that I can't win, and I would urge that the opposition do the same thing. Don't take issue when you are wrong; accept the facts where you are wrong and people will listen to you when you are right. But that's not what they are doing.

Mr. Speaker, I mentioned yesterday, and I'm going to close, that I can't think of a single fact which has been challenged by the opposition which I made in my speech yesterday. I can think of one that I would like to challenge because I did make an error in arithmetic and perhaps my honourable friend, the Member for Fort Garry who was going to give me an arithmetic lesson yesterday is the one that inspired my change. I did make all of the figures that I quoted yesterday, Mr. Speaker, without having put them down in advance, without having really thought about them a great deal but while I was standing on my feet I said that seeing as we collect \$600 million and there are a million people, that's \$600.00 per person and averages - 4 in a family, they'd pay \$2,400 in taxes. Well in doing that, Mr. Speaker, I ignored the fact that the families don't pay the \$600 million worth taxes, that there is such a thing as a corporation tax, that there is such a thing as redistribution and that several years ago I had figured it out by taking a family, adding up the figure of tax that they would pay if they smoked, adding up the gasoline tax they would pay if they smoked, adding up the other taxes that they would pay; the income tax, the sales tax and adding up all their taxes at that time, which was several years ago, I came to the figure that a family in the \$6,000 income group would pay in the neighbourhood of \$350 provincial taxes, not including the real estate tax, not including the federal income taxes or any of the other federal taxes but straight provincial taxes \$350 to \$400 a year. If the Members of the Opposition would look at the government of Ontario which with two items has equalled the entire taxation of the province of Manitoba, (1) - Medicare premium, \$200 higher than ours; and (2) - University fees, \$200 . . . than ours. Two items

(MR. GREEN cont'd) make up the total tax picture for people in the province of Manitoba,

Now, Mr. Speaker, I have to accept the fact, and I know that the Minister of Finance accepts the fact that taxation is a tacky question, that you don't make any hero of yourself no matter which way you go, but that on the whole what the Minister of Finance and this government has done has been far superior in terms of progressive taxes to anything that I have heard from the opposition certainly, and to anything that I can see that has been done by governments across this country. That doesn't mean it's perfect and I suppose that neither I nor anybody else will reach perfection but as between choices, Mr. Speaker, I would say that the proposal that is being made by the Minister of Finance is far more progressive than anything that has been offered by Members of the opposition.

MR. SPEAKER: The Honourable Member for Rhineland,

MR. FROESE: Mr. Speaker, after hearing the Member for Inkster --(Interjection)-- I think I should remind him of a number of things of earlier days. I remember too well when the bill that we are amending, the Act called "an Act to provide for the imposition of a tax on purchasers of certain products and for the reduction of part of the school tax, payable in respect of real property," - this is chapter R140, this is what has been referred to later, as The Revenue Tax. The Member for Inkster is running out of the Chamber now, he doesn't want to hear his criticism, I wouldn't be surprised either, if I'd - some of the things that he said at the time that this bill was under consideration, and the large number of amendments that were made.

We sat I think for days in committee on amendments that were made to the bill in Committee of the Whole and debated, and at that time the Member for Inkster was one of those that were complaining very bitterly that we were taxing the poor, that we were taxing those people that were unable to pay. I remember too well that he was one of them sitting on this side at that time and proposing one amendment after another and harrassing the government of the day as much as he possibly could. I think if this government in any way or the opposition in any way wanted to retaliate this bill should be kept in committee for days on end trying to amend it too and bringing those things to their remembrance that they said at that particular time.

We are now extending the sales tax bill and we are going to impose more tax instead of less. At that time they wanted so many items relieved from the tax that was to be imposed, Now it's the very reverse. Now they take the very opposite stand. Now they want to add on more items that they want to be taxed. Mind you, they have a few sedatives listed there as relief but they are very very minor indeed. Like last night we had a debate on the resolution dealing with assessment and that when they went into the election that they were going to do certain things, they would be relieving the people of what was it - \$2,500 or \$2,000 of assessment the first \$2,000. What do we find now? Instead of relieving them, they are adding on, It's the very opposite from what they said when they were on this side of the House and I think that someone should remind them of what they are doing.

The bill that was passed in 1964 as I referred to a minute ago, was to relieve the school taxes, one of them. It was first dubbed the School Tax Bill, later on this was changed to Revenue Tax. But at that time the multi district divisions got an increase of -- \$300 increase in grant per teacher at the elementary, and I think it was four or five hundred dollars at the secondary level. It was very minimal. I think that's the last increase they have received since. Every time when the government brings in measures to relieve the school tax situation, these divisions, the multi district divisions are the forgotten ones and now we find they are going to even tax people more than ever before.

I also find there is a provision there whereby they are going to now call on people who are indebted to pay nine percent interest on certain occasions. Mr. Speaker, is this not exorbitant? Is this not really, usually for the government to charge nine percent? I think that this should certainly not be on record. After all were these not the people that brought in that Unconscionable Transactions Act Bill? Were they not the ones that brought in the Consumer Protection Bill? This was to help the consumer, to help the small man, and here we find interest rates in the bill of nine percent. It's unheard of in legislation. Is this on the ability to pay principle? --(Interjection)-- I will accept questions after I am through. I don't want to get the interference right now.

There are other areas in the Bill which give the Minister wide powers, wide latitude as far as discretion of refunds. It's in the Minister's hands, more or less as he wishes to do,

(MR. FROESE cont'd) and I don't know just how generous he will be when it comes to these refunds. But when we go one place further and see the tax that they are now going to place on tobacco, on the cigarettes, these people are already plagued with the bad habit, many of them can't shake it and now we are going to just put on another burden on these people. Mind you, it's not just the poor that smoke. I know that as well as anyone else. But we have many poor people that have the habit of smoking and this will just be an added cost to them. This will mean that their pension will be worth that much less to them. And what is the government going to do? Are they going to exclude the old age pensioners from this particular tax? I don't think they will. At least there is no provision in the bill for that. The same holds true for liquor, or is it wine that they are referring to in the bill? I feel that these are the very taxes that they deplored at one time that they took very strong exception to, and that they were very strong on the ability-to-pay principle, and yet there is nothing of the kind in this particular legislation.

There is also the matter that dealers are to keep records of all purchases. Maybe the Minister when replying can explain just what is intended here. Where is the amount of this tax going to be collected -- at the wholesalers' stage? I would take that that would -- at the -- yeah cigarettes -- I was thinking of the Tobacco Tax. But what is the record as far as taxes on cigarettes? I would like to read you from the statement just where we stand when we increase this particular tax on cigarettes.

The tax on cigarettes in British Columbia on a package of 25 -- and that's what I'll be taking as an example -- is 8 cents; in Alberta 8; Saskatchewan 8; in Manitoba it was 10 but now we are going to make it 15; it's almost double of what the other provinces are charging -- Ontario 10; Quebec 10; New Brunswick and the other provinces 10, except for Newfoundland with 12 1/2 cents. But we are going to be the highest taxed province as far as cigarettes is concerned and I think this should go on record that we will now be really soaking those people that are smoking in this province. In fact I heard of one guy the other day, he said the only way to beat this province's tax regime was to stop smoking and drinking -- and he stopped smoking two months ago and he hasn't smoked since, and he was smoking at a very strong rate. He spent \$65.00 a month on cigarettes, so this will certainly not help the government, \$65.00 a month, so . . .

But, Mr. Speaker, when we talk of increasing taxes, this is only a very small amount that we are actually going to get in comparison to the amount that we are spending and the amount that we are going to borrow on top of this. I have the Capital Estimates here and actually if you take Schedule B and C - B is something that I feel should come out of current revenue too, which is \$8.7 million; and Schedule C is \$92.3 million. The total of the two is over \$100 million which should come from current revenue. We shouldn't go into debt for these purposes - \$45 million is for general purposes; we still have no breakdown of that and I feel that should be covered from our revenue, annual revenue that we get so that we are -- even by imposing this tax -- we are way, way behind and I think we should rather than think of taxing, think of saving and bringing about savings, and I am sure that we could pare a lot of billions of dollars from those estimates. I am sure that if I sat in the Minister's seat that I could run this province with much less money.

But I would also like to compare our position with that of British Columbia, and see what their performance is compared to ours. First of all, let me state from their British Columbia news of January and February of this year just one sentence from their Public Accounts Statement. It says with a surplus of revenue over expenditure of \$16,763,312 and the accelerated income tax remittance just referred to, the government of British Columbia budgetary tax reserve increased by \$45 million in the year to \$110 million as of March 31, 1971. So that these people have been getting the increased revenue without additional taxes and what does the Premier of that province, who is also Finance Minister, have to say as far as his financial proposals for the fiscal year 72-73? I would like to quote one paragraph.

Mr. Speaker, it reads as follows: "The challenge for this government to keep British Columbia moving ahead on all fronts continues large indeed. Since my last budget address, powerful new economic and financial forces have been set in motion which have been felt around the world. British Columbia has not escaped some of their effects. It is all the more important therefore that British Columbia's economic and financial policies be geared to the times - job creating projects must receive top priority along with the policies that will increase our economic base."

(MR. FROESE cont'd)

Mr. Speaker, "the Provincial Government intends to inject \$266,300,000 additional cash to the British Columbia economy this next fiscal year. This will be done with", and I think this is very important, "this will be done with a pay as you go balanced budget and with no increase in tax rates. It will be accomplished by adding \$151,300,000 by way of current estimates of expenditures and \$115 million by way of special funds or allocations. It is being done by the Provincial Government alone and does not include expenditures of the provincial Crown corporations."

So, Mr. Speaker, this is the performance of the Social Credit government of British Columbia and I think what we need in the worst way is a Social Credit government in Manitoba so that we could have performance of a similar kind; that we would not have to impose taxes time and again. And this is not the only tax that we are imposing; we have two or three other tax bills before us which also mean that people of this province will have to contribute more and more to the consolidated fund.

Mr. Speaker, these were some of the items I wished to mention, and referring once more to the Capital Spending of close to \$100 million the 92 and the 8 million, when are we going to pay for this? When are we capitalizing these amounts that should be coming out of current revenue and borrowing money for it, when are we going to pay for this?

The Honourable Member from Brandon West says "after the next election". The chickens will come home to roost and sooner or later we will have to contend with these amounts that are being borrowed annually year by year -- and I feel that we are not giving the stewardship to this province and our financial program and I certainly cannot support the bill that is before us.

MR. SPEAKER: The Honourable Minister of Finance will be closing debate.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance)(St. Johns): Would the honourable member agree to a question? I would like to ask him in relation to the nine percent interest that he referred to would he not agree that an interest payment on trust monies collected for and on behalf of the province which have to be remitted to the province are an altogether different situation than interest on monies loaned?

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: I feel that a proper return should be made but I still feel that this is high.

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

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

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

MR. SPEAKER: The Honourable the House Leader.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Labour, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

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

COMMITTEE OF SUPPLY

MR. CHERNIACK: Mr. Chairman, may I indicate to the Committee that I think there is unanimous agreement that we deal now with Capital Supply until 5:30, that at 8:00 o'clock the Committee could resume with Public Works and I believe Highways after that. But if we are of course completed with Capital Supply by 5:30 we'll go on earlier. If Capital Supply is not completed by 5:30 then it's proposed that tomorrow afternoon we'll come back to Capital Supply. I'd like to make a preliminary statement if I may.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the Capital Supply bill, the schedule has been distributed. It's for a substantial sum of money; it is itemized in many respects in three schedules. May I remind honourable members -- and I do it specifically because the Member for Rhineland referred to Schedule B as something that he said should be paid out of current -- that Schedule A is for those borrowings which are considered to be self-sustaining and repayable; Schedule B is for guarantees of other bodies to the Federal Government for

(MR. CHERNLACK cont'd) monies advanced, I make that point only to point out to the Honourable Member for Rhineland that these are guarantees and not monies expended but we need the authority for the guarantees so it certainly couldn't come out of current, it obviously has to be capital. Schedule C is itemized down to General Purposes with which of course we will deal. And that's all I really want to say in relation to the Estimates themselves. We'll be dealing with them in greater detail as we go through them. But what I thought that would be of interest to members of the House is an arrangement that we concluded in the United States and which I think this is the proper occasion to announce.

We have completed a new and a very interesting fiscal agency arrangement for the handling of the public bond issues in the United States. Three of what are considered the best and largest firms in New York, namely the First Boston Corporation, Solomon Brothers and Merrill Lynch Pierce Fenner and Smith Incorporated have agreed to serve as the three leading managers for our issues on a rotating basis with the lead manager changing with each new issue. It is planned that the First Boston Corporation will be the leading manager for the first issue planned for later this year under this new arrangement. Wood-Gundy and Company Incorporated which is the New York based subsidiary of Wood-Gundy Securities Limited will also be associated with the management of the United States financing, and a large syndicate of underwriters comprising other strong American houses and the American-based offices of Canadian investment dealers will be chosen to provide Manitoba with the broadest possible distribution of our bond issues in the American market. We believe that such a fiscal agency providing a continuing relationship with responsible and very competent bond market specialists will work out to our advantage from issue to issue and that's why I'm rather proud that we've been able to make this arrangement which is somewhat unique, somewhat only because I know of the World Bank being the only other borrower that I know of that has entered into this kind of an arrangement.

Among American investment bankers the First Boston Corporation is considered one of the nation's most prestigious banking firms. It's reported that the company raises more money for more corporations than any other investment house in the world. It ranks at or near the top in the underwriting of all government securities and municipal bonds in the United States. Over recent years Merrill Lynch and Solomon Brothers have usually shared the next two positions after First Boston in the amount of public offerings of taxable securities as manager or co-manager. In other words in recent years these three firms have led the entire investment banking community in the United States in raising money for their clients with their management of new capital issues. Solomon Brothers are considered by many to be the biggest dealers in the secondary markets. If the public feels that it is a good continuing of what is known as the secondary market where if necessary any bonds they purchase could be sold before they mature that a new issue normally sells much more satisfactorily. We're therefore pleased that Solomon Brothers is in this important group of three lead managers. Merrill Lynch have the largest branch in retail system for the handling of securities in the United States. As a result it is possible for them to cover a wider public for the sale of bonds than is possible for the more specialized bankers who commonly deal largely with the big insurance and other large savings institutions. While such institutional buying is probably the backbone of the Canadian and most other bond markets in North America, retail sales are very important and will be more essential as time goes on in the face of the large capital requirements of major corporate and government borrowers. Wood-Gundy Securities is the manager of our Canadian bond issue fiscal agency and takes a very active position in the American market through its New York subsidiary. We agreed with the three proposed syndicate leaders that it would be desirable to have Wood-Gundy associated with the three leaders as a co-manager.

So that, Mr. Chairman, the government is very pleased with its strong new financing arrangements that we have now completed for handling new issues in the big American market which for the past 40 years has been Manitoba's major supplementary source of funds. Mr. Chairman, you have the Schedule before you, I propose that we deal with it.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, at the time that the budget was presented I forwarded to the Minister a letter requesting certain information before we could deal with -- or before we thought we could deal effectively with Capital Estimates. I wonder if the Minister of Finance has that in a completed form or is prepared to make a statement before we deal with this.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNLACK: I propose that as questions are asked I will answer them to the best of my ability and probably require the assistance of my Deputy Minister in that respect.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well, before we commence with any passing of any authority to the government I wonder if the Minister of Finance would indicate to the Committee exactly what borrowing remains unused and in what particular category.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNLACK: Mr. Chairman, the House Leader points out that I do not have the right to have my Deputy Minister present until my salary is passed under the Estimates. So it's up to the House whether they wish to waive that rule or deal with my salary first. It would be helpful if he were here.

MR. PAULLEY: Mr. Chairman, I think if this would meet with the concurrence of the House, Mr. Chairman, it would be most helpful not only to the Minister but all the members of the Committee as well. So with that agreement then I wonder, Mr. Minister, if you'd like to ask you deputy to come down.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, while they are getting prepared I wonder if I could have one question answered. It says here "Hydro-Electric Board". Does this mean Manitoba Hydro only or will we be participating with City Hydro and will there be any combination taking place or joining of the two and that this could be for both of them?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNLACK: Mr. Chairman, the authority before you deals with Manitoba Hydro only. There have been no discussions of which I have been party or of which I am aware relating to any possible combination of City Hydro and Manitoba Hydro, none whatsoever.

Now, Mr. Chairman, the question of the Capital Authority. The way I had it prepared was item by item as to the unused Capital Authority and I could present it in the sketchy form by just going over it or I could present it in what I thought was a more practical way and that is as we deal with each item I could deal with what is the authorized unused. I thought that that would be a better way of doing it but if the Leader of the Opposition wants to do it differently then I will have to take a little more time in doing that.

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MR. CHAIRMAN: Schedule A -- the Honourable the Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I think for the record because of the procedures that are being followed here it is my intention to read the letter into the record that was requested of the Minister. I think the letter is valid and I think the letter which was presented several weeks ago when the Budget was tabled provided the kind of indication to the Minister of the information that we thought was desirable before anyone would be asked to approve \$400 million. And I therefore feel that I would like to read it and then am prepared to observe as to how the government intends to furnish that information to us. I think that an overview is necessary before we deal with this. It's true we're not dealing in the same way as if it was a ministerial estimates where the Minister makes his opening statement and we deal with them in a general way under his salary. But surely if we're going to be talking about \$150 million here and \$50 million here and \$90 million there we're entitled to get some kind of overview.

MR. CHERNIACK: Well would you mind if I point out how I propose to do it?

MR. SPIVAK: Yes, but I think that what I'd like to do is I'd like to read my letter into the record. This letter was dated April 6th, 1972, to the Minister. "Dear Mr. Minister:" - the Minister of Finance - "I am writing to request your co-operation in a matter of considerable importance to the Legislative Assembly. It will be the collective responsibility of the members of the Legislature to scrutinize and where advisable approve the Budget and Capital Estimates which you intend to present tonight. Our responsibility cannot be exercised without complete understanding of all budgetary and borrowing plans. My specific request is directed more towards the presentation of the Capital Estimates and involve the amount of detailed information which will be given to the members. Because of the increased prominence of borrowing in the provincial financial picture we must be able to examine itemized breakdowns of the government's borrowing programs. Since the government is in effect mortgaging the province's future to sustain these programs we are under an obligation to establish exactly how every dollar of borrowed money is spent.

In view of the limited time devoted to borrowing estimates the advanced release of a fully detailed capital estimated analysis is more than helpful, it is essential. The scanty information voluntarily released by the government in previous years would be totally inadequate as a basis for responsible debate. To take one example" --(Interjection)--

Yes, it is an example, and I must say to the First Minister if he thinks that it isn't inadequate then I leave that judgment to him. I think that if you're asking this Assembly in one hour or two hours to approve \$400 million I think that is a bit much and I don't think that the people of Manitoba would believe that we have discharged our responsibility in this Committee or in this Legislature by simply allowing you to pass it simply because you think it has to be spent.

"To take one example, because of the heavy borrowing being made on behalf of the Manitoba Housing and Renewal Corporation it is essential to know the location and approximate cost of the proposed Manitoba Housing and Renewal Corporation projects. The Assembly" -- and, Mr. Chairman, it's interesting to note that after this letter was presented the Minister of Municipal Affairs saw fit to make this announcement outside the House but not inside the House. "The Assembly is also entitled to examine the balance between direct government borrowing and the guarantees given by the province on behalf of the various Crown corporations and agencies. And in addition we must be told how many items traditionally considered as current expenditures have been transferred to Capital Estimates and how much borrowing will be needed to cover these transfers. My question about the government's borrowing programs go beyond this year's Capital Estimates. As you know the government accumulates unused borrowing power granted by the Legislative Assembly in previous years. Members of the Legislature have the right to know how much of this unused authority the government still possesses and how much it intends to use for this fiscal year. In more precise terms we are asking for an explanation of the borrowing capacity remaining from previous years. How much of this capacity will yet be allocated and disbursed, for what purposes or projects and during what time periods? These requests are totally consistent with the duty of the Legislative Assembly to examine and approve provincial financing. In view of the intentions you announced in the Legislature to review unused Capital Authority" - and this was done last year by the Minister of Finance - "I am confident you will comply with this request."

MR. CHAIRMAN: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education) (Burrows): Would the honourable

(MR. HANUSCHAK cont'd) member identify the author of that letter? Would the honourable member please identify the author of that letter?

MR. SPIVAK: I'm sorry that the Honourable Minister of Education wasn't listening. I indicated that this was a letter that I sent to the Minister the evening that the Budget was presented. I did this to allow him preparation for meaningful information to be presented. As I understand it now we may have some information which will be presented but certainly not in front of us to be able to deal with \$400 million that's being requested by the government to be borrowed on behalf of the people of Manitoba. --(Interjection)--

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I have already stated that I am quite prepared to and have the information on the unused Authority and the amounts that would be required. I felt and I still feel that the best way to deal with it is item by item because it doesn't really mean very much to know that there may be unused Capital Authority for Hydro purposes when we are going to be talking about the Authority required for anything else and it so happens, Mr. Chairman, that I have the choice of how to present the material and I have it in such a way that it is intelligible to those who have the intelligence to absorb it and I am quite prepared to give it. The only question that the honourable member asked which I can't answer, and maybe he thinks he can, is what is the traditional way of separating current and capital and tradition to me, I suppose, should relate back to practice. And the practice, for example, with highways in the past ten years has been to shuffle it in or out depending on the decision of the government of the day. For example, the Conservative Government in the first years, and I've only got back to 63, financed highways substantially through capital borrowing. Then when they had surplus moneys coming in for current, and this is my interpretation of what happened, when they found that they were taxing a five percent sales tax and had extra moneys in current it became a current item, and then subsequently we started transferring, or are proposing now to transfer some into capital. We are prepared to justify our decision but I must tell the honourable member that I cannot find any tradition as to which is the way to do it and the way we're doing it is the way we're presenting it today.

MR. CHAIRMAN: Schedule A - Manitoba Hydro Electric Board, \$150 million. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, for information of the committee, I would say that the unraised authority as at March 31, 1972 was \$27 million. What we're now asking for is \$150 million which will total \$177 million. The amount expected to be raised for the 72/73 requirements is some \$82 million, with a carryover of \$95 million.

MR. CHAIRMAN: The Leader of the Opposition.

MR. SPIVAK: I wonder if the Minister of Finance could indicate how much cash Hydro had on hand at the time of the last issue, as of March 31st. I think this was indicated in Public Accounts by the Deputy Minister's explanation of the way in which the case position of the Hydro and the government were maintained. My understanding is that there is a cash surplus as a result of the borrowing that took place before this.

MR. CHERNIACK: Mr. Chairman, as of March 31st, and the honourable member put in an Order for Return which I was fairly quick in responding to, at that time Hydro was substantially indebted both to us and to the street. The borrowing that they put through at that time was received, the money was received on April 5th at which time they had some cash on hand.

MR. SPIVAK: The Order for Return was put in as of the end of February or March 1st. It was not put for March 31st. If I am correct, the actual borrowing took place prior to April 1st or March 31st. --(Interjection)-- All right. Then again there was \$50 million that was borrowed by Hydro, if I'm correct, between the 1st of March and the end of March. That reduced the capital borrowing to the remaining \$27 million. I just want to know that . . .

MR. CHERNIACK: \$29 million was the amount that was left on the receipt of the April 5th monies which would therefore reduce this \$82 million to that extent.

MR. SPIVAK: But then on the basis of the reduction of the borrowing as of the 5th of April, there would be a cash surplus which has not yet been used which would be added to the \$82 million to be used this year for Hydro, if I am correct.

MR. CHERNIACK: No, it's part of the \$82 million.

MR. SPIVAK: So that the borrowing that took place is part of the \$82 million authority that's required? All right, Mr. Chairman, then I'd like to ask the Minister, if as a result of

(MR. SPIVAK cont'd) the borrowing, there was still \$27 million to be required, and if I'm correct, there was \$50 million borrowed, between March 1st and March 31st.

MR. CHERNIACK: There was a net of \$29 million left after the street was paid for the temporary borrowing.

MR. SPIVAK: But I think, Mr. Chairman, what I am trying to establish is that the Minister of Finance has indicated that they will be borrowing \$82 million for Hydro this year. They will be using \$82 million of the authority that yet remains, of which the borrowing that took place, the payment of which monies came in on April 5th was part of this. I think that's the presentation that's been made.

MR. CHERNIACK: Well I wonder if the honourable member would make clear whether he's talking about cash or authority. I am not clear on just what he is asking.

MR. SPIVAK: Mr. Chairman, the government is asking for a borrowing authority of \$150 million. They expect to use \$82 million, \$27 million of which they now have. They really only require, based on their estimates, approximately \$55 million. But in addition to that, the First Minister has indicated that part of the borrowing of the requirements has already been made for this year, because that is included in the \$82 million which means that the authority that's really required for this year is substantially less than \$150 million. Now that's all I'm trying to find out at this particular point.

MR. CHERNIACK: Mr. Chairman, I have already indicated, I remember I said it only a few minutes ago, there would be a carryover of \$95 million. Now Hydro capital program, it's known to all, is an on-going program and we have to insure the continuing borrowing after 72 '73 so there is no slowdown in construction program. So the \$150 million requested for this year should carry over an expected \$95 million into the period beyond March 31st, 1973.

May I point out that if the honourable member is talking about tradition, then in 1968 the previous government received authority for \$200 million: in 1969 received authority for \$200 million; that total of \$400 million was spread over so that in 1970 and 71 there was no need to ask for any authority at all. What the previous government did and certainly we were in the House then and I'm sure we didn't object to it, was to insure that there was a continuing capital authority. That authority that was provided for, \$400 million in 68 and 69 was provided for, and I'm sure without any objection or opposition on the part of the then opposition, and took care of the authority until the present time, whereas I have announced there is still some \$27 million of unraised authority as at March 31st.

MR. SPIVAK: Before I make my comments I wonder if the Minister of Finance is suggesting there was \$200 million borrowed for Hydro one year and \$200 million the following year - \$400,000,000 for Hydro.

MR. CHERNIACK: That's correct.

MR. SPIVAK: Well, Mr. Chairman, I think that there is a very basic difference between what happened before and what is happening today. There is an assumption that there is agreement on this side that the money that's being spent by Hydro is the correct way in which money should be spent. There is an assumption on the part of the Minister of Finance that we are prepared to allow the government or to give permission to the government to borrow for what we consider to be a waste of \$100 million on Lake Winnipeg. --(Interjection)-- Well, not only vote against it, it would seem to me, Mr. Chairman, that it would be more logical to reduce the borrowing authority to what actually is required, and therefore before we deal with this in any substantial way, I wonder if the Minister could indicate how Hydro intends to spend the money this year, that is the specifics of the projects that will be undertaken this year for the \$82 million that is to be borrowed.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: On that same question.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Before the Member for Rhineland takes us into perhaps an important tangent I think it would be well to help clarify for the Honourable the Leader of the Opposition the more precise nature of the capital requirements for Manitoba Hydro. As the Minister of Finance has been patiently trying to explain to him, there is a capital carryover of approximately \$27 million which when taken together with the capital authority request here of \$150 million would replenish Hydro and bring it up to a capital authorization in the order of \$177 million, and I have considerable detail here as to the major items of capital expenditure for the current fiscal year and it is even carried forward into the next fiscal year.

(MR. SCHREYER cont'd)

Perhaps we could start by major category and give that information to honourable members. With respect to generation of power, there is a capital requirement of \$49 million which is further identifiable as follows: For the Kelsey Generating Station \$1,200,000; for Kettle \$26,000,000; to bring it, not to completion but to more final stages of completion. Churchill River Diversion, an item of 1,700,000; Lake Winnipeg Regulation 13,070,000 to be exact; Nelson River study 642,000; Long Spruce Generating station (preliminary requirements) 5.4 million; and a miscellaneous entry of \$1,020,000, so that totals \$49,132,000.00.

Then under the next major category of transmission, as honourable members can appreciate there is always a continuing program of upgrading the transmission capability of Manitoba Hydro, so for example we have capital requirement of \$515,000 for the building of a transmission line from Grandview through to the Saskatchewan boundary. This is part of the inter-provincial net that honourable members are aware of.

There is an item of \$3.8 million for the Radisson Kelsey DC line; there is an item of 1.3 million for the La Verendrye Dorsey line; \$50,000 for improvement of transmission line between Glenboro and St. Leon; and \$2.2 million for a line between Jenpeg and Ponton at highway 391 and miscellaneous of a million eight. So in aggregate this comes to 9 million seven.

Then for Terminals and Stations, perhaps more quickly, Mr. Chairman, there is a requirement here of \$17 million to provide for either the construction of or the upgrading of stations at Glenboro, LaVerendrye, Whiteshell, St. Leon, Dorsey, Radisson and others. Now the others, I have an even further breakdown of that if honourable members should wish it.

And finally, there is the fourth major category of capital expenditures on distribution itself. This would be in the rural parts of the province for the most part. This would not be cost connected with the transmission of a major kilovolt type of line but the reduced energy distribution in rural communities, totalling \$15 million. Add all that together and that should come fairly close to \$91 million; and there is a residue of depreciation that is applicable here of \$9 million so one comes out with a net requirement to go on the market for this year of about \$81,600,000.00.

MR. SPIVAK: Well, Mr. Chairman, I appreciate the fact that the First Minister has given us the information but I wonder how easy it would have facilitated the committee's consideration if we had been given that information prior to this sitting and had been given the opportunity to review it. --(Interjection)--

I don't care about tradition at this point. You're asking us to approve \$90 million, part of which whose policy we quarrel with, part of which we do not. You are putting the opposition in the position of saying to you the government that we are not prepared to support a Hydro issue and we are not going to be in a position to in any way deal with any particular item, and we have just had some reference to Lake Winnipeg's \$13,700,000; we have had Long Spruce with reference to that. We have a reference to various studies that have been undertaken with respect to Nelson development.

Our problem essentially at this point is the impossibility of dealing with it in a proper way. If the government is satisfied that the tradition is that this is the way we are going to follow it, then I am going to break tradition by saying to you, that at this particular time you haven't proved to the people of Manitoba and you certainly haven't proved to the Opposition that we should have any trust in your capability or management with respect to Hydro policy, and for that reason, unless we are prepared to on this and all the other items that we are going to deal with, unless you are going to be prepared to give us a basis of the breakdown so that we then can say, we agree with all of these and we are not going to quarrel on these we are going to come down to the specifics that we are concerned about, otherwise if we are not going to deal with it in that way, we are going to have to deal with this in the broad general position, and I'm quite prepared to debate both the Hydro issue, which I think has to be debated in this House now, and I'm prepared to continue that debate for sometime before we pass this amount.

Now it's up to the government as to how they want to operate. We asked and we gave them the courtesy and we suggested that you produce this information so that we can do the analysis, and we are not put in the position where we are quarrelling or quibbling about items that we shouldn't be quibbling or quarrelling about but rather deal directly with the specific, and the specific here obviously would appear to be \$13 million worth of borrowing of the 150 and the 82 that will be spent but I don't know that until I have an opportunity of checking this and what we are probably talking about --(Interjection)-- oh well, I would know it, because I

(MR. SPIVAK cont'd) want to tell you, I haven't got the same kind of experts that the First Minister or the Minister of Finance have with respect to this. I'm prepared to review this, but I'm also suggesting as a matter of strategy for a better understanding, a clear understanding of the House, this is what we really wanted with respect to the other items, and we are only on Hydro in the first item.

Now if the government could see fit to be reasonable on the basis of presenting us with a breakdown on item by item so that we in fact can review it, so that we can in fact have some understanding and then deal with it, we'll deal with this with dispatch: in the areas that we are in disagreement with we'll come forward and present our position, but if not, then there is only one way in which we are going to be able to deal with it on these particular items and it's in the broad policy and if that's the course that the government want to take, then we'll take it. And I say this in a way in which - in attempting to try and have this committee function properly - that was really the course of the action that we had hoped would come from the correspondence.

I recall the Minister of Finance last year when the question of supply came up and the questions were asked of him, indicating that, no, I'm following the same pattern that every Minister of Finance has followed: I'm in the same position. Requests are made, I don't have all the detail. I'm not quoting directly, but I don't think I'm misquoting the general intent of what he said. And I understand that and I'm not quarrelling with what he said, and we suggested well we need more information. That was the purpose of this exercise. I don't think as a matter of practice for this House, whether we were to form a government, whether the parties on our left were to form a government, or not, I do not think that the practice should be from hereon in to have a situation where borrowing should be passed in the way it has been before. I don't care whether it happens by tradition or not. I just do not think that it's good business for so much money to be dealt with in this way.

Now what I actually -- and I make this request once, the government can answer if they see fit -- I think it's important that on item by item we be given this kind of breakdown for the ability to be able to do the analysis so that at least we have a debate on those issues that are significant and important to us. If not we'll have to argue in this committee, and we can, the various items under its headings in the same way as if it was a ministerial salary that we're arguing where we're going to have the broad general picture. And I'm not sure that this will be necessarily the best way of serving an intelligent discussion but I'm prepared to do this unless we're prepared to alter the procedure.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, it's rather an interesting case that the Honourable the Leader of the Opposition makes. All the more pity that he couldn't have made it when he had some position of responsibility in former years on this side of the House. It strikes me that this government has innovated and been prepared to depart from long standing past practice with respect to more disclosure of governmental affairs and activities. But just as in the case of disclosure of Development Corporation policies and activities we find that after we have opened up the activities of the Development Corporation to annual reporting and quarterly reporting, we have found that the opposition now wants to go way beyond that to deal with matters of internal management, and certainly we draw the line far short of that point.

Similarly with respect to dealing with Capital Supply, I happen to be afflicted, Mr. Chairman, with a good memory and I sat in this House and I recall clearly the extent to which the kind of detailed information that the Honourable Leader is asking for now was made available in those days. And I'm also aware to the extent to which details of Capital Supply made available under the system of presentation of Estimates in the House of Commons. We are proceeding here in a way that is in keeping with past practices -- if the Honourable Leader of the Opposition wants to make an issue of this, it is open to him to do so and it's open to him at some future year when he may have some responsibility to start practicing what he is preaching now.

May I say as well, Mr. Chairman, that the Leader of the Opposition has developed a rather curious interpretation of the relative roles of that side of the House and this side of the House with respect to the management of the affairs of the Crown and the right of the Province of Manitoba. He seems to have developed and that, Sir, is only in very recent years, if not months, a concept where the opposition and members of a committee can sort of assume onto themselves a responsibility for the day to day operation and decision making of the various

(MR. SCHREYER cont'd) departments and Crown agencies of the government. And I want to make it very clear to him that while the congressional committee system may have its advocates, it has had no place in Canada to date and we are not inclined to accept the arguments either implied or direct the Honourable the Leader of the Opposition, that they will somehow take on to themselves the responsibility for making decisions with respect to the operations of Crown corporations and the various departments of government. They are here to deal with questions of public policy and not with day to day operations.

The information that has been put on the record I can put it on the record again. The honourable member is free to ask whatever questions he likes. This is the way it's been done in past years. I ask my honourable friends, my colleagues, to the left and right of me, the Minister of Labour, the Minister of Finance if they have any recollection that there was any more detail provided in 1967 and 68 when the government of that day asked this House to approve Capital Authority for Manitoba Hydro that ran to \$200 million a year for two successive years - a total of \$400 million of Capital Authority requested of this House. Was there any more information and detail provided to honourable members. I'd be very surprised if there was.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I wish to make a few comments at this time. I can point out to members of this House that some years ago during the previous administration, I called for a list of all the unused authorizations which were given to me, all those that were outstanding. This is certainly nothing new in that sense because this information has been provided to members of this House before. What I would like to know is the monies that we're voting today, just what projects will they be completing. The First Minister has mentioned a number under the generating plants that will be furthered. How many of these will be completed? As far as the terminals, upgrading will be done on a number, does that mean that the upgrading will be completed on those terminals? -- which I think we have a right to know what this money is going to provide for us -- what projects will be completed? -- whether there are any new ventures being considered at this time and that may be started with monies that we're voting today. I think we have a right to know the program that is being set out. And I am sure with all the planning that goes on in the government side that they can provide us with these answers. Surely enough they shouldn't call on us to vote \$150 million without any information and without any grounds that this money is definitely needed and for what purpose.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I think that the Premier will respond in specifics to what the Honourable Member for Rhineland said but I want to correct an earlier statement. When I said that I have the breakdown of authorized unused authority, item by item, I intimated, at least I may have even said that I don't have the total. I do have the total and I still think it's not that relevant. However, I have it here. It amounts to some \$140 million in connection with all of the unused Authority but I just want to make sure that having found the page that I gave the information.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, if the Honourable Member for Rhineland is asking again for a specification, more particularization as to the unused Authority for Hydro and then for each of the major construction and upgrading projects, I can give him that. I felt I did a few minutes ago when I put on the record each of the major construction and upgrading projects under the various categories. But let me take another run at it, Mr. Chairman. In terms of unused Capital Authority for Manitoba Hydro, that is in the order of \$27 million. All right, and if the honourable member wishes to add to that what's being requested here, which comes to \$150 million, that will give a capital authorization of 177 million. That 177 million would be drawn on, the Authority is voted for the following purposes. For generation: In the case of the Kelsey Generating Station, they are now putting in the seventh generator, the seventh unit, and for that \$1,200,000 is required in this fiscal year. There is no requirement next year because that will complete that particular project. All right.

Then the next is the Kettle Generating Station and as the honourable member knows this is a generating plant of monumental size. It -- when completed will cost something in the order of \$300 million plus and it is now towards its stages of completion. For this year there is a recapital requirement requested of 26 million. Next year it is proposed that 20 million will be needed in order to put in generators No. 9 and 10 I believe. --(Interjection)-- I beg your pardon. I am not saying to the Honourable Member for Rhineland that there will not be a

(MR. SCHREYER cont'd) Capital Authority request in 74, 75, because the Kettle Plant will not be completed to its ultimate before 1975. It has the capacity for the installation of 12 units although I don't suppose those - the last two - would be actually put in place until well on into the 70's.

Now the next item then is Churchill River Diversion - a million seven, and it is proposed that the next year the Capital Authority of 4 million 6 will have to be drawn on. Lake Winnipeg regulation - \$13,070,000 -- and for the following fiscal year - \$22,800,000.00. This would bring it in the order of 45 million which is the calculation that has been put on the record by myself in this House in the past. Six hundred thousand will be asked for Nelson River studies and 700,000 for the same purpose the following fiscal year.

In the case of Long Spruce, as the honourable member knows, preparatory work is already under way with respect to the Long Spruce Generating Station site which is about 18 to 20 miles northeast by east of the Kettle Rapids location and this will be a generating station costing in the order of \$400 million plus. When completed it will be almost as large in its generating capacity as the Kettle Rapids plant. The 5 million 4 is being requested in Capital Authority this year and I understand that next year there will be no request for this particular item. If there is it will have to be brought in as a special request. And then there is a miscellaneous entry of \$1.20 million. So you add all of those up, Mr. Chairman, and it comes to 49 million. And for next year almost exactly the same amount in order to bring these projects I have already mentioned to completion -- in the case of most of them, to completion.

Now for transmission, -- the honourable member, I don't know if he was in his place about ten minutes ago -- I indicated that there were five items under transmission where we were requesting \$9,700,000 in Capital Authority this year and \$3 million the following year. And what are these items? Well, the Grandview-Saskatchewan line - this is to increase the interprovincial transmission capability, \$500,000 and that will complete the line. There is no request for the following year. The Radisson-Kelsey 230 kilovolt line, 3,800,000 is being requested this year and there is no request for the following year so that should bring that up to date. The La Verendrye-Dorsey line - a million three required this year and a nominal sum of 20,000 for the following year. There is an upgrading to be carried out in the area of Glenboro-St. Leon on the transmission line there - 50,000 is being requested this year and the anticipated expenditure next year of a million three. And then Jenpeg to Ponton - there is a big line going in there - 2,200,000 being requested for this year and a relatively nominal sum of 100,000 next year. So that approaches 9 million for this year for transmission capability improvements and \$3 million in the following fiscal year.

For terminals and stations there is a total of 17 million being requested this year and almost the same amount, \$16 million the following fiscal year. If the honourable member is interested the specific stations are at Glenboro - a \$2 million expenditure; at La Verendrye station - 700,000; at the Whiteshell - 1.7 million; St. Leon - 300,000; Dorsey - 2.2 million. The honourable member will recall that Dorsey and Radisson are the two converter stations at each end of the DC transmission line from Kettle Rapids to Winnipeg. Dorsey Station will require 2.2 million this year and 5 million the following year; Radisson - 2.6 million this year and 5 million the following year. There is a heavy capital input required into the converter stations. Then there is a miscellaneous entry here of under terminals and stations of \$7 million and if the honourable member is interested I can give him a further breakdown of these smaller --(Interjection)-- these smaller improvements, smaller station improvements. Would he want me to run through the list? --(Interjection)-- They are running at a \$100,000; 70,000; 50,000 - these would be the rural substations, and I'm quite prepared to put them on the record if he wishes. Perhaps I could avoid that by simply saying that it seems to have a very obvious geographical distribution. There is a wide geographical distribution of these rural substation improvements and they run in aggregate to \$7 million involving I would estimate about 40 rural substations.

And I think I could conclude by dealing with the last major category which is capital costs incurred in upgrading distribution lines. A line into Norway House - \$486,000 with no capital requirement to be met next year; an improvement of a line between Letellier and Piney - 10,000 this year, 600,000 next year; Brandon distribution - \$260,000 this year, 300,000 the following year; miscellaneous district work orders averaging \$4.7 million both this and next year; street lighting to provide for street lighting improvements in those smaller communities requesting them \$900,000 - \$975,000 in each of the next two years. And that pretty well takes

(MR. SCHREYER cont'd) care of the sort of sub itemization within this Capital Authority request.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I want to thank the First Minister for giving this information. It just appears to me that when reading the article in -- was it the Business Journal which mentioned the deal that they'd made with Ontario where they were selling 26 million of power export being exported, that some converter stations would be required. Is that contained in the Estimates that were just . . . ?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, no converter stations as such. What is required of course is the building of additional 230 kilovolt lines and that is being proceeded with since the agreement with Ontario Hydro has been firmed up. But there is no requirement for converter stations. If I understand my honourable friend, by converter station we mean converting from DC to AC. No, that's not involved.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): Mr. Chairman, I wonder if the First Minister would mind perhaps getting copies on the latter mentioned items or the smaller items that he mentioned. Would a copy be available?

MR. SCHREYER: Is the honourable member referring to the long list of rural sub-stations? Well I see no difficulty in making that information available. It's a case of mimeographing it. The question of how many copies - I take it one copy for each group would suffice.

MR. CHAIRMAN: Schedule A -- the Honourable Member for Crescentwood.

MR. GONICK: I have a question with regard to these expenditures. The question is: whether in the capital expenditures for Kettle Rapids or any of the other stations it is assumed that the South Indian Lake will be flooded, whether the expansion of the Kettle Rapids assumes to the point which it will occur as a result of these expenditures assumes flooding of the lake and whether the expected expenditures associated with flooding are covered in these expenditures?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, it would be difficult to do justice to that question without going into a fairly lengthy chronology of just how Manitoba Hydro's construction program for the next 20 years was arrived at.

The Honourable Member for Crescentwood would appreciate when the decision was taken in the first place to sign the agreement with the Government of Canada and Atomic Energy of Canada for the construction of what will prove to be a \$300 million DC transmission line with expensive converter stations at each end, when that decision was taken, and obviously it was taken at the same time as the decision was taken to proceed with the full development of the Nelson River since such an expensive DC transmission system would never have been started if it was not also decided that there would be construction of large, very large and very expensive generating plants at each of the sort of logical generating sites on the Nelson River -- and we're talking about six or seven if not eight generating plants being built on the Nelson River, each of them with a generating capacity when developed of something in the order of three-quarters of a million to one million kilowatts of energy.

The whole Nelson program is predicated on a capital expenditure in the next 20 years of something in the order of 2.5 billion to 3 billion dollars. Each generating plant that is being built on the Nelson River such as Kettle, such as Long Spruce, such as the one further downstream at Limestone Rapids, each one of these will cost in the order of \$300 million plus to construct. So obviously with that kind of a heavy commitment of capital it follows logically in my opinion that the follow-up steps and decisions have to be taken to insure that there is an adequate supply of water to course through this river system in order to spin those expensive generators, in order to load up the transmission capability that has been built there, which is well underway. So accordingly in laymen's terms I would express it as follows: that none of this would make sense if it were not also assumed that there would have to be a diversion of something in the order of 30,000 cubic feet a second of additional water from the Churchill River system through the Nelson. But not only additional flow, Mr. Chairman, there must also be assurance of adequate reservoir or storage capacity.

I do not want to -- in fact I don't think that I am capable, Mr. Chairman, of waxing as eloquent about the great natural storage reservoir that Lake Winnipeg is, I don't think I can

(MR. SCHREYER cont'd) put it quite as eloquently as the former Premier of this Province, Duff Roblin, but honourable members will recall that in February of 1966 he did address this House with respect to the question as to how to insure, to make reasonably adequate provision for sufficient water flows and storage in order to back up the natural flow of the Nelson so as to spin the generators that would be installed in each of the generating plant sites. As I had occasion to read at least some of the speech given by the former Premier back in February 66 it was evident that great reliance was being put on two things: One, that there would be some diversion of the Churchill River at some location in order to provide something in the order of 30,000 cubic feet of second diversion; and number two, that Lake Winnipeg would be used, to use the former Premier's words, "for the great natural water power reservoir that it is".

Well since that time there has been some significant modification of those earlier plans and concepts but their essential nature still remains, that it would be economic madness, economic madness of the first degree to put over \$300 million of capital investment at each of the major Nelson River sites and over \$300 million in the construction of a DC transmission system if we could not follow up to make sure that there was sufficient flow of water through the Nelson. Because without that then this heavy investment in plant and equipment and transmission capability would be going unused a good part of the time.

MR. CHAIRMAN: The Honourable Member for Crescentwood.

MR. GONICK: Thank you, Mr. Chairman. I assume from that that the government then has arrived at a decision to flood South Indian Lake at some level and then I would ask, what is the nature and the extent of capital expenditures that are now allocated to deal with the damages, ecological and human, that will occur as a result?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, -- by the way, Sir, while I'm on my feet perhaps I could circulate copies of this breakdown of the --(Interjection)-- Sometimes the Honourable Member for Rhineland is more understandable in his way than the Honourable Leader of the Opposition is in his. In any case I provide these copies.

Mr. Chairman, to try to address myself to the question raised by the Member for Crescentwood, I would advise him that the decision has not yet been arrived at or taken with respect to precisely where Churchill River diversion will be constructed. That decision is expected to be taken within the month of May and the hope is that we can arrive at a decision, a precise decision in that respect on or about the 30th of May.

Insofar as the question as to whether or not we have imputed costs with respect to ecological and environmental damage, the answer is yes there has been; as a result of studies done by a consultant firm and by Manitoba Hydro's own task force, certain costs were imputed with respect to resource losses, and resource losses to me are synonymous with ecological or environmental damage. The figures on that are available in the task force report. If the honourable member has for some reason not received a copy of that report I would undertake to see that a copy is placed in his hands.

MR. CHAIRMAN: The Honourable Leader of the Opposition. The Honourable Member for Crescentwood.

MR. GONICK: Yes, I had read that report and referred to it earlier. One of the consequences that the report alludes to is the likely damage to the livelihood of the fishermen in that area and that is why I asked the extent to which and the way in which the expenditures allow for compensation due to not only ecological damage but also to the damage to the livelihood of the communities in that area.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, with respect to the non-ecological damages that would be caused as a result of Churchill River diversion I must confess to the honourable member that there was no quantification of the amount of potential damage or loss that would be suffered by local residents as a result of Churchill River diversion, and one reason was because it is still far from clear as to the precise nature of such damage if the Churchill River diversion takes place at a level which does not exceed 850 feet.

The honourable member may appreciate we are really dealing here with a - not a simple choice between good or bad, good or evil, but rather that we are having to choose between a number of alternatives neither one of which is particularly appealing and containing certain disadvantages. Nevertheless, perhaps the honourable member would have some appreciation

(MR. SCHREYER cont'd) of the degree, the relative degree of damage involved if one considers the fact that under the high level diversion scheme which was initially envisaged there would have been a flooding of approximately 700,000 to 900,000 acres and certainly the entire community would have been totally inundated. Subsequent proposals involved flooding to the level of 854 feet which is a proposal that seems to recommend itself so highly to some members opposite. But that proposal, Mr. Speaker, would involve the flooding of about 150,000 acres and would involve as well significant and substantial inundation of the community itself; and also inundation I might add of the entire Granville Lake area, and hence that's the reason for the 150,000 acre plus that would be under water.

The 850 foot level proposal which was considered after considerable deliberation, the 850 foot proposal would be the minimum at which 30,000 cubic feet a second could be diverted. That's considered as the minimum desirable and at 850 feet it does have the advantage of not causing flooding to the community as such and reduces the total acreage of flooding from 700,000 down past 150,000 down beyond that to 70,000 acres. By the end of this next month we hope that there will be a definitive recommendation with respect to the exact route and location of the diversion channel.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): I'm very glad to hear the Premier speak the way he is. It looks as if he's really considering his former decision. For the benefit of the Member from Crescentwood, this information is contained in this report here "The Transition in the North". It's called the Churchill River Diversion and the people of South Indian Lake and all these things are in it including the residents that's going to be affected and the Indians.

And for the information of the Member from Churchill who says that some people don't know what they're talking about when they're talking about the number of residents I think that he should read this because I'm just utterly surprised at how little he knows about what this is to the people in the north. This information is here; I have it from the library and I'll try to see that the Member from Crescentwood can get it because there's a lot of good information here and I think a lot of members should read it and really take it to heart. It's only really 25 families that will be affected at 1,854 feet - 25 families --(Interjection)-- That's 854, I'm sorry, yes it's 854. So it's not more than 300 Indians. So you can divide your costs up and I was right the other day and I had done my arithmetic right. It's the Member for Churchill that should do his.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, if one had to choose as between the interpretation placed on the entire Nelson River development by the Member for Churchill and the Member for Pembina I certainly would be on the side of the Member for Churchill because I believe that he does have a more intimate understanding of the nature of the problem no doubt partly because of the fact that he represents the area and has some idea of the lay of the land.

I want to say to the Member for Pembina that I know that he feels rather strongly about this entire development and has expressed himself on a number of occasions, but it simply has to be said, Mr. Chairman, that many of the assumptions upon which the Member for Pembina bases his arguments are inaccurate and have no relevance to the studies that were carried out by the consultant groups and the task force, and it beats me, Mr. Chairman, how anyone could presume to do comparative cost calculations by simple arithmetic when the comparative costs had to be calculated out on computer systems here and in Calgary and because of the, almost the infiniteness of the mathematical calculations even with computer systems it was limited to 19 years to keep it manageable. Of course a 19-year projection calculation is sufficient upon which to make a decision but one cannot substitute for complex computer calculations, arithmetic reckonings that are done on a piece of scrap paper; Mr. Chairman, we certainly cannot be guided by that kind of an approach to a problem as complex as this.

Furthermore, I say to the honourable members that if they are putting so much store on the interpretation of one former member of the Board no matter how much, no matter how much I may personally respect him which I had something to do personally with his being on the board, nevertheless that cannot obscure the fact that the board when it considered this matter and had all of the relevant complex data made available to it, took a decision in a ratio of six to one and one of the members of the board, who unfortunately is no longer with us, and passed away during last winter, he, too, personal feelings and friendships notwithstanding, stayed and adhered to the initial decision and recommendation that was taken and affixed his

(MR. SCHREYER cont'd) signature to a statement to that effect.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Chairman, in the First Minister's reply to the Honourable Member for Crescentwood, he speculated about the decision that was likely to be taken next month, by the end of next month and I gathered that the probability is that there will be some flooding of South Indian Lake. That this is the most probable decision. I wonder if the Minister could say now that if a decision is reached to proceed with some flooding of South Indian Lake, has the government at this stage placed an absolute ceiling upon that flooding of 850 feet? Is that a firm and absolute control ceiling on any decision to flood at this time?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, there was the impression in the minds of a number of people, including a number of the gentlemen opposite, that 850 feet was taken arbitrarily as the upper parameter beyond which there would not be any allowable further raising of the level of Southern Indian Lake. I can advise them that the Task Force and all of the calculations were run on the basis of a wide spectrum of hypotheses and there was no arbitrary imposition of any maximum. We feel that on the basis of the information that has been available to date that the 850 foot level is one that is tenable. However, it certainly would be imprudent and improvident on my part to say with finality today that the level shall be X feet above sea level when the recommendations for final decision have not yet been received. They are expected on or by the end of next month.

MR. CHAIRMAN: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): Thank you. I won't go into a little song and dance about not intending to rise. I cautiously have been waiting to hear what is going to be said about this during the session and I would like to enter into it cautiously at this time.

First of all I would like to say to my friend from Pembina in the nicest way and remind him that again a little education is often a very dangerous thing. I would ask him that if he would take his little knowledge that he has learned now and use it as a stepping stone, I think he'll find that he will be encouraged to look further into the development of Northern Manitoba and he will find that really politically maybe in the Constituency of Pembina, it may be a good thing to say - just may be a good thing to say - but if he's really genuinely interested in the Province of Manitoba, I don't think he should be so interested in selling Northern Manitoba short, because it is just as important to look and to look well at land wherever it is in the Province of Manitoba, whether it be on the shores of Lake Winnipeg or whether it be on the shores of South Indian Lake.

So I would caution my friend when he thinks of those Indians and those people and say let's take another look at the whole thing. Because those Indians are humans, they're Manitobans and there's ecology that you have to look at. Not only the surrounding ecology but the ecology of the whole of the area. It's something that's tremendous in itself; it's something that is lost to the constituency of Pembina; the constituency of Pembina no doubt had it at one time, they haven't got it now. But it is a part of what we have inherited in Northern Manitoba, it is still there.

I think that the Member from Pembina should take another few minutes to look a little further into his education and try and make a decision as to just how much is it worth. Because he is with a party that made a decision a few years ago and I was part of it at that time and I was very unhappy as time went by. And you know I was like the Member for Pembina. I had a little education, I took a look at a few things and I could only see one thing. I could only see one thing. I was just like the farmer from southwestern Manitoba, constituency of Arthur, and I could see that we had to have Hydro, and I might say that as many we almost put it at all cost - at any cost we must have Hydro - and I think this was the dangerous thing. And if this had happened it would have been at high level, if it had taken place, and as we look back now we see a change in the policies as the Member for Riel advised us a few days ago when he spoke of medium level and I asked him if that was the policy of the Conservative Party and he said, yes. That was medium level flooding. Well now the First Minister has said that at that time there would have been approximately 900,000 acres of land -- and I'm sure the Member for Pembina will appreciate this -- 900,000 acres of land flooded - lost - lost completely. -- (Interjection)-- No, lost. Because the member's just got the little education and he doesn't realize what flooded means in the north. But the medium would be 154,000 acres. Now there would be some 600,000 acres of land would have been lost, absolutely and unconditionally lost

(MR. BEARD cont'd) forever if high level flooding had taken place, and now we have found that they have come back with the feeling that - just a minute - after a few years, a little hindsight we've decided that maybe medium was best. Now we find the government coming forward with a plan for low level and again it's cutting the pie a little closer - 70,000 - and I'm sure my friend from Pembina will again be taking out his pencil and doing a little scratching and saying: well there's another 80,000 acres that's salvaged. And that's quite a bit.

Now if we went back 300 years of course in Canadian history western land wouldn't be worth a great deal at that time but today I presume that much land in the southern part of Western Canada that would be worth quite a bit, and it will be in the northern parts of our country in years to come. So I think he should look at it and look at it well and decide just what --(Interjection)-- I'm sorry my education doesn't go as far as Lac du Bonnet, I'm not just sure of what goes on at that point. That's where my education stops. But I do know that South Indian is something that all of us are a little interested in, and we look at from different viewpoints. I know the people at South Indian themselves as people that are living there look at it from the viewpoint that they feel just like the time - Mr. Chairman, they think that time is closing in on them and they say if you're going to flood it, really flooding it a few feet is almost as bad as high level. Some of them are saying that. So we're going to have to do a lot of talking with them and negotiating to make them satisfied. I know you're going to call it 5:30 so I will . . .

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Chairman, I just want to remind honourable members, I believe that there was agreement that at 5:30 when the committee rose, or you left the Chair, I should that when we reconvened at 8:00 o'clock it would be going into Estimates of the Department of Public Works rather than Capital Supply.

I'd also, Mr. Chairman, like to take this opportunity of drawing the attention of all members that the Law Amendments Committee has been set for Thursday morning at 10 o'clock. Members of the committee will have received notice. I'm doing this now verbally in order that all members will be acquainted with the fact that Law Amendments Committee will be meeting at 8 o'clock. This in addition to the notices that are posted.

MR. CHAIRMAN: It is now 5:30. I'm leaving the Chair to return at 8 p.m. this evening.