

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock Thursday, April 27, 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 14 students of Grade 5 standing of the Linwood School. These students are under the direction of Mesdames Smith and Miller. This school is located in the constituency of the Honourable Member for St. James, the Attorney-General.

We also have 60 students of Grade 6 standing of the Buchanan School. These students are under the direction of Mesdames Hamm and Bonneau. This school is located in the constituency of the Honourable Member for Assiniboia.

On behalf of all the Honourable Members I welcome you here today.
I should like to make a statement.

SPEAKER'S STATEMENT

MR. SPEAKER: Yesterday the Honourable Member for Rupertsland asked for an Order for Return and the Chair indicated that a procedural problem was involved. I thank the Honourable First Minister, the Minister of Labour and the Honourable Member for Morris for their contributions to the point of procedure. Beauchesne's Citation 148 and 171 subsection (d) indicate that a matter having been dealt with cannot be revived again for debate in the same session. Under our proceeding in respect to Orders for Return it is possible for a matter which is not accepted to be transferred for debate and this posed a problem to the Chair of having to anticipate what could occur. Consequently I took the matter under advisement.

I should like to indicate that I am dealing with form and procedure only and that it does not preclude the subject matter from being re-introduced or debated under other circumstances. In this instance the Order for Return as posed was to all intents and purposes almost identical to that brought in by the Honourable Member for Brandon West which had been voted on by this House except that it did not contain the total number of questions as the original. As indicated in Citation 148 subsection (2) and I quote: "It is irregular to reflect upon, argue against or in any manner call in question in debate the past acts or the proceedings of the House on the obvious grounds that besides tending to revise discussion upon questions which have already been once decided such reflections are uncourteous to the House and irregular in principle, inasmuch as the member is himself included in and bound by a vote agreed to by a majority." And it seems that reflecting upon or questioning the acts of the majority is equivalent to reflecting upon the House. Since the Chair had no way of knowing whether the Order for Return would be put over for debate before putting the question and receiving an answer the Chair considered it more prudent not to entertain this Order for Return. And that is my ruling.

I should nevertheless like to point out that the subject matter of the questions raised may be proceeded with in a different form. One instance is the written question placed on the Order Paper which is not debatable and could be answered and of course the matter can also be considered in Estimates or by way of substantive motion in which the subject could be a related part. Thank you.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees. The Honourable Member for Logan.

REPORTS BY STANDING COMMITTEES

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to present the First Report of the Standing Committee on Law Amendments.

MR. CLERK: Your Standing Committee on Law Amendments beg me to present the following as their First Report:

Your Committee met for organization and appointed Mr. Jenkins as Chairman. Your Committee recommends that, for the remainder of this Session, the Quorum of this Committee shall consist of fifteen (15) members.

(MR. CLERK cont'd)

Your Committee has considered Bills:

- No. 2 - An Act to amend The Legislative Library Act.
- No. 4 - An Act to amend The Department of Public Works Act.
- No. 8 - An Act to amend The Judgments Act.
- No. 9 - An Act to amend The Land Surveyors Act.
- No. 23 - An Act to amend The Queen's Bench Act.

And has agreed to report the same without amendment.

All of which is respectfully submitted.

MR. JENKINS: Mr. Speaker, I move, seconded by the Honourable Member for Osborne, that the Report of the Committee be received.

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

MR. SPEAKER: Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills. The Honourable Member for Rupertsland. Stand? (Agreed) Oral Questions.

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Mr. Speaker, my question is to the Honourable Minister of Industry and Commerce and it's related to the group insurance plan for the employees of MDC subsidiary companies, Sir, with respect to the specifications on that plan submitted by Mr. R. E. Fisher of Montreal. Does the Minister plan to reject those specifications as totally inadequate?

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

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, this is an administrative matter which is handled by the staff of the Manitoba Development Corporation.

MR. SHERMAN: A supplementary question, Mr. Speaker. Would the Minister be prepared to seek advice or opinion from group insurance experts in this province on those specifications?

MR. EVANS: Mr. Speaker, I'm advised that there'll be full consultation with insurance brokers and insurance specialists in the Province of Manitoba.

MR. SHERMAN: A further supplementary, Mr. Speaker. Has the Minister seen the specifications from Montreal himself?

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question to the Honourable Minister of Industry and Commerce. Has the MDC an investment in Dring Structures or Dring Laminated Structures in Boissevain?

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

MR. EVANS: Mr. Speaker, I'll take that question as notice.

MR. PATRICK: Has Dring Laminated Structures in Boissevain closed its operations?

MR. EVANS: I'll take that matter as notice also, Mr. Chairman.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Speaker, I have a question for the Minister of Public Works. Could he indicate what the total amount of fees will be to the Convention Centre as it was announced the other day where there was a signing of an agreement for ten years. What would the fees be per year from these four people who have signed an agreement to rent space in the Convention Centre?

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL DOERN (Minister of Public Works) (Elmwood): Mr. Chairman, I would have to ask my honourable friend to direct that question to members of City Council who are responsible for the day-to-day operations of the Centre and for the bookings of conventions. I might say in passing however that it was announced that a major corporation has booked four shows over the next ten years and this is expected to generate in terms of tax revenues and expenditures in our hotels and night clubs and retail stores and at the convention, etc. some \$5 million.

MR. BOROWSKI: Mr. Speaker, that was not the question I asked. I'm aware of what was in the paper; I don't believe the statements and that is why I'm asking now . . .

MR. SPEAKER: Order, please. The Honourable Member is debating the question again. The Honourable Member for Thompson.

MR. BOROWSKI: I have a question for the First Minister. Would the Minister have any objection to tabling the document showing the cost sharing on the Convention Centre.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): None, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development. In view of his assurance to me last December of having no intention of eliminating People's Opportunity Service or its program could he tell the House now what the actual status of that organization is? Has it become another regional office?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

HON. RENE E. TOUPIN (Minister of Health and Social Development)(Springfield): Mr. Speaker, in all due respect to the comments made before the question posed by the honourable member I had never indicated in this House -- if you check Hansard -- that the services of P.O.S. would be continued as they stand as the evaluation is being done. There is a press release that was made by myself yesterday regarding the intent of this government pertaining to the 21 case aides that were involved and how they're deployed now within the civil service itself and the amount of case aides are still left to be employed either by government or by private agencies. Pertaining to the services offered through P.O.S. while the study was being made through funds of the Federal Government a lot of these services will be offered through the Department of Health and Social Development on a regional basis and not necessarily in one area in the Greater Winnipeg area. We hope to bring forth many of the services that were innovated through P.O.S. but not necessarily all.

MRS. TRUEMAN: Mr. Speaker, can the Minister tell us how many of those case aides are still operating out of P.O.S. on Main Street?

MR. TOUPIN: I can't really answer that question. I know that as of today there are still three case aides that are still to be re-deployed.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): Mr. Speaker, I'd like to direct a question to the Honourable Minister of Industry and Commerce. I wonder if the Minister could advise the House as to whether or not the letter written by Dr. Briant on July 28th of 71 was written with his approval, with the Minister's approval.

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

MR. EVANS: Mr. Speaker, the staff of the MDC write hundreds of letters every week and I'm not apprised of the contents of most of those letters. These are administrative procedures that go on in many departments and many organizations which policy directives are not necessary for.

MR. GIRARD: A supplementary question, Mr. Speaker. I wonder if the Minister could indicate that this letter then was officially representing the position of the MDC.

MR. EVANS: Mr. Speaker, one would have to assume that a letter written by the Chairman of the MDC was written under the authority of the Chairman of the MDC in keeping with his responsibility. Mr. Speaker, while I'm on my feet I wonder if I could have the leave of the House to table a one-page statement on the Carrot River flood prospects. I won't read it but I would like to have permission to table it at this time.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: Mr. Speaker, I'd like to address another question to the . . . Oh, pardon me.

MR. SPEAKER: The Honourable . . .

MR. EVANS: Do I have leave to table the . . .

MR. SPEAKER: Yes. The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct another question to the Honourable Minister of Industry and Commerce. In view of the resignation of the majority of the Board of Directors of Columbia Forest Products I wonder if he could advise the House as to who is giving the direction to Columbia Forest Products that was normally given under the auspices of that particular board.

MR. EVANS: Mr. Speaker, Columbia Forest Products is owned by Great Northern

MR. EVANS (cont'd) Capital Limited. They're the 100 percent beneficial owners of the shares and there's a legal question as to whether or not the resignation of those board members is legally acceptable.

MR. GIRARD: A supplementary question then, Mr. Speaker. Would it be true to say then that Columbia Forest Products is operating with no direction?

MR. SPEAKER: Order, please. Order, please. The honourable member knows better than to supply information. The Honourable Member for Emerson.

MR. GIRARD: I'd like this to be a supplementary, Mr. Speaker. Would the -- would the Minister then advise us as to who exactly at the moment is directing Columbia Forest Products.

MR. EVANS: Mr. Speaker, I believe the cheques are signed and paid out by Great Northern Capital Limited and he who pays the piper calls the tune.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): Mr. Speaker, my question is to the Minister of Industry and Commerce. Has the Manitoba Development Corporation advanced any monies or guaranteed any loans since October 1st of last year of Columbia Forest Products Limited?

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

MR. EVANS: Well, Mr. Speaker, again this information is made public in these quarterly reports but I do not believe there has been any funds advanced in that period of time to which the honourable member refers.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Minister of Health and Social Development. Would he obtain for the House copies of the report of the Practice Institute concerning the evaluation of People's Opportunity Services?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

MR. TOUPIN: Well, Mr. Speaker, I as Minister of Health and Social Development don't seem to have very much control over the report that was written because the report according to what I read on the Free Press has already been made public. I am not in control of either the report itself, it was prepared by funds like I said a while ago that were supplied through the Federal Government and if there is a policy to be decided by this government to make it public and to table it in this House it is a matter for policy itself, not for me to decide.

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

MR. PATRICK: Mr. Speaker, I have a question for the Honourable Minister of Labour. Did Mrs. Oulette receive an appointment to the civil service or did she compete through the Civil Service Commission for her position?

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): I believe the honourable member is referring to some articles that appeared in the newspaper and I guess they could be a little sticky. In answering the question I have no desire to be . . . the position referred to in the newspapers is being bulletined.

MR. PATRICK: I have a supplementary. Did the Minister of Labour issue a directive last year to the Civil Service Commission not to hire wives of civil servants?

MR. PAULLEY: The answer is "no". I issued no directive at all, Mr. Speaker. I did suggest a guideline for consideration of hiring authorities in respect of spouses, not wives but spouses which as I understand, Sir, can mean either husband or wife; that in view of the present and then prevailing unemployment situation that they may take this into consideration particularly in reference to those who are in the higher income groups. It was not a directive, it was a suggested guideline.

MR. PATRICK: Mr. Speaker, a supplementary. Is the Minister satisfied with this exception and is there any other cases where a wife or a husband have been hired where either one or the other has been a civil servant?

MR. PAULLEY: I don't know what my honourable friend means by the exception because I just informed my honourable friend, Mr. Speaker, that the position is being bulletined for. So if the position is being bulletined for it has not therefore been filled and it is being done in accordance with the regulations of the Civil Service Commission of which I happen to be the Minister who answers to this Assembly.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): A question for the Minister of Industry and Commerce. Would he tell the House who the major shareholders of Columbia Forest Products are, the original shareholders?

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

MR. EVANS: I am not clear whether I understand the full intent of the question. When he refers to the original shareholders, yesterday in my statement I referred to various companies that had full ownership of those shares and as I said several times, the Great Northern Capital which used to be called Rodell Corporation are now the beneficial owners of the shares. I believe that Mr. Rod McIsaac is the president of that corporation.

MR. GONICK: Mr. Speaker, what I would request the Minister to do is to table or to provide the House with a list of the major shareholders and their backgrounds, their names.

MR. SPEAKER: Order please. I would suggest that's more appropriate for an Order for Return. The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, in addition to the advice which you have just given, there is the additional point of order involved in the sense that it is not always possible for the Crown to be in a position to provide information as to the inside or internal ownership of a private corporation. I am sure Mr. Speaker, Sir, that you will recall that in the case of the principle beneficial shareholders of Monaco AG it is not simple for the Crown to really determine who those people might be.

MR. SPEAKER: The Honourable Member for Logan.

MR. JENKINS: Mr. . . .

MR. SPEAKER: The Honourable Leader of the Opposition, on the point of order.

MR. SPIVAK: Mr. Speaker, on a point of order, further to the point of order of the First Minister, and because of the nature of the question that was asked, I don't think it will be possible for the government to list everybody in Manitoba as the shareholders of Columbia Forest Products nor their background, because they in fact, are the owners. -- (Interjection)

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I rise on a point of order again, because the last alleged point of order raised by the Member for River Heights, the Honourable Leader of the Opposition I submit Sir, is not a valid point of order in that it presumes to argue as to who the current beneficial owners of Columbia Forest Products are and that cannot be a point of order.

MR. SPEAKER: The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I address this question to the Minister of Health and Social Development. Can the minister indicate to the House whether he received a report of the Peoples Opportunity Service before the Winnipeg Free Press did?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

MR. TOUPIN: Well, Mr. Speaker, I have no knowledge when the Winnipeg Free Press or anyone else received a copy of the report itself. I only know that I as Minister of Health received the report officially and had a chance to review the report yesterday.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker I'd like to address a question to the Honourable the Minister of Education. Could he indicate to the House how many qualified teachers have been displaced and are being replaced by teacher aides within the last school year?

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education)(Burrows): None. None, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable the First Minister. Could he tell the House if the employment of Mr. Eric Kierans of Montreal as a consultant to the government is for a definite period of time or for an indefinite period?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the retaining of Mr. Kierans is for a short period of time to coincide with the preparation of background material necessary for the preparation of the Manitoba Economic Development Plan guidelines for the 70'2.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: A supplementary question, Mr. Speaker, could the First Minister tell the House what the per diem retainer fee is in this case?

MR. SCHREYER: Mr. Speaker, it would be well in line with, if not perfectly, almost perfectly in line with the per diem or emolument that would be paid to any other professional consultant of similar experience, background and expertise.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question to the First Minister -- I wonder with respect to the work that Mr. Kierans will be doing in the work of the guidelines that has been suggested is the Economic Advisory Board under the Minister of Industry and Commerce involved in that preparation at all?

MR. SCHREYER: Mr. Speaker, the plan when tabled will be the synthesis of the views and analyses and opinions of many different people that are involved in the economy of our province and of our country.

MR. SPIVAK: I wonder if the First Minister would answer the question?

MR. SPEAKER: Order please. -- (Interjection) -- The Honourable Member for St. George.

MR. WILLIAM URUSKI (St. George): Mr. Speaker, my question is to the First Minister, arising out of the many questions that were placed regarding Columbia Forest Products. I ask him if the plant activities of Columbia Forest Products are discontinued as a result of the actions of Great Northern Capital. Will the Manitoba Development Corporation realize the security in the assets of Columbia Forest Products and take legal action against Great Northern Capital?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the question in a sense is based on a hypothesis but I would put it as follows: -- (Interjection) --

MR. SPEAKER: Order, please. The Honourable Member for Morris on a point of order.

MR. WARNER H. JORGENSON (Morris): Well Mr. Speaker, the First Minister himself said the question was hypothetical and if it is such, then it is out of order and no answer is required.

MR. SPEAKER: Order, please. The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I will attempt to answer the question without dealing with the hypotheses involved and that, Sir, must surely be in order. Given the facts that the Crown had a first mortgage interest in this property, it certainly follows that in order to prevent the dissipation of any assets against which the loans are secured, the Crown will have to take action to protect its security in the event that Great Northern Capital proves out to be determined to walk away from its ownership.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question, in view of the fact that the government now has ownership of the . . .

MR. SPEAKER: Order, please. -- (Interjection) -- Order, please. -- (Interjection) -- I didn't hear any question but I want -- (Interjection) -- Order, Order, Order. I should like to indicate to all honourable members that if another member asks a question and someone gets up and says, "I want a subsequent question" that they are limiting themselves -- they are consequently going to be cut off on the second supplementary question. Now I don't think it's relative or relevant to say it's a supplementary question. Each member is entitled to ask his own questions, entitled to two subsequent questions to their own original and that's the way we shall have to proceed. Otherwise I am going to have to rule that after we have had three questions on any particular subject no one else can ask a question. I think that the logic of this must be apparent to the members. We have had a lot of questions on this particular Columbia effort and if everyone says a subsequent question after three we are done. That's your procedure, so let's not call them subsequent questions. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I have a question then for the First Minister. In view of the fact that title of the shares of Columbia Forest is vested in the Manitoba Development Corporation, why will it be necessary to execute against any security when the beneficial and real ownership is owned by the Manitoba Development Corporation?

MR. SCHREYER: Well, Mr. Speaker, it is obvious that the assumptions so gladly accepted by the Honourable Leader of the Opposition make them out to appear as though he is the advocate for Great Northern Capital rather than . . . -- (Interjection) -- May I say further in reply, -- (Interjection) -- Mr. Speaker, may I say further in reply -- Mr. Speaker,

(MR. SCHREYER cont'd) may I say further in reply that if there is some difficulty in the honourable member's mind with ascertaining ownership it no doubt is because of the peculiar nature of the agreement that was executed in November of 1967, a more peculiar agreement which could not be found. -- (Interjection) --

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Speaker, I rise again, and this time on a question of privilege.

MR. SPEAKER: Order, please.

MR. JORGENSEN: The first part of the reply of the First Minister to the question asked by the Leader of the Opposition was completely and totally out of order and should have been called such. Members on this side of the House are not permitted to ask questions in the manner that the First Minister is permitted to answer them and I would suggest, Sir, that if the rules of this House are going to be applied they are going to be applied equally.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: On the point of privilege, because the First Minister has imputed a motive to me, I will impute a motive to him, that in effect you are not presenting a straight-forward . . .

MR. SPEAKER: Order! Order! Order! Let us all consider putting brain in gear before opening mouth so that we will all be aware of what is being said. I think we can all get along with less imputation by all members, and also a little less assumption that what another person has said and saying that that's what it is he has said. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I would ask that you ask the First Minister to withdraw the statement that I'm an advocate for the Great Northern Capital. -- (Interjection) --

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I leave it to your judgment as to whether or not I said what the Honourable Leader of the Opposition is now alleging that I said. I believe that a perusal of the transcript and record would satisfy you, Sir, on that point -- rather than to take the honourable member's word for it or mine for that matter.

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN, Q.C. (Inkster): Mr. Speaker, on the same point of privilege, I heard the words that were said, Mr. Speaker, and I think that there is absolutely no point of privilege if words are used in their descriptive sense. The word "advocate" is pursuing a position. I am sure that the Minister would not be referring to the Leader of the Opposition as an advocate in the legal sense because the Leader of the Opposition isn't capable of being such.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: I rise again on a question of privilege.

MR. SPEAKER: Order!

MR. JORGENSEN: Sir, my question of privilege -- (Interjection) -- is that members of the government benches are allowed to impute motives -- (Interjection) -- are allowed to make statements that are contrary to the rules of this House -- (Interjection) -- and they are allowed to get away with it.

MR. SPEAKER: Order! Order! Order! I should like to indicate to the Honourable Member for Morris that as Chairman, and being human I am liable to miss some things but I certainly am not going to allow anyone to impute anything to anyone, and I think I have asked for the co-operation of all and if the -- order -- if the Honourable Member for Morris feels that I haven't done my duty, he knows what he can do. There are certain procedures . . . Order! Order! It's not funny! Let's get with it. Do we want to proceed as Manitobans? --(Interjection)-- That if he wishes, he can always charge the Chair as not having done its duty. As I said, I am human, I may err, but I want the co-operation of all members. Oral Questions. The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Attorney-General, I wonder if he is considering taking action against the MDF officers, former MDF officers in view of the impropriety of their agreement that was signed with Rod McIsaac, giving him the \$4.3 million?

MR. SPEAKER: The Honourable Attorney-General.

HON. A. H. MACKLING, Q.C. (Attorney-General)(St. James): I am in no position to consider the merits of the proposal at the present time, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I would like to direct a question to the Honourable Minister of Industry and Commerce. Are the employees who are now at the Sprague plant paid by GNC or Columbia Forest?

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

MR. GONICK: Mr. Speaker, I have a question for the Minister of Industry and Commerce. Could he inform the House whether or not the aforementioned Mr. Rod McIsaac was a member of the Board of the Manitoba Development Fund at the time at which the loan was issued.

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

MR. EVANS: Well, Mr. Speaker, there was a first loan to Rodell or Great Northern Capital around 1967 when the Honourable Leader of the Opposition, as Minister of Industry and Commerce -- and a subsequent one I believe on March 31, 1969 but I don't recall whether Mr. McIsaac was a member of the Board at that time, so I'll take it as notice.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, my question is for the Honourable the Minister of Industry and Commerce. Could he tell the House when the Standing Committee on Economic Development will be re-convened -- approximately.

MR. EVANS: Mr. Speaker, that's a question that should either be directed to the House Leader or to the Chairman of the Committee. I believe the Committee agreed at its last meeting that it would meet again at the call of the Chair.

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

MR. WALLY JOHANNSON (St. Matthews): Mr. Speaker, I would like to direct a question to the Minister of Industry and Commerce. Did the agreement signed with Rodell Corporation in 1967 include a clause stating that the Development Fund was responsible for providing Columbia Forest Products with all necessary working capital and does this in effect commit the taxpayers of Manitoba to perpetual . . .

MR. SPEAKER: Order, please. Order, please. The Honourable Member is stating an argumentative question. The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, we in opposition normally -- I'm coming to the question in a moment Sir -- accept the rejection of inter-office correspondence or inter-departmental correspondence, but would the First Minister in view of his tabling of inter-office correspondence on this matter of Columbia Products yesterday consider tabling all relative and pertinent inter-office or inter-departmental instructions and documents. As I say we accept the rejection on the part of government . . .

MR. SPEAKER: Order, please. The Honourable Member is debating it. The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I can explain in a way that I think will satisfy the Honourable Member for Lakeside why it was that an inter-office memorandum was tabled. It was only because the Leader of the Opposition had made a statement which I felt cast a very negative interpretation on the actions of three persons representative of the Manitoba Development Corporation, therefore of the Crown -- and the only written evidence I had to prove that they had acted in a way different than what the honourable leader of the opposition suggested, was that that particular document and only for that reason I tabled it. However, it is not to be construed as a precedent as the honourable member well knows that is not how precedents are established.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I ask the First Minister then would he consider instructing or refusing to give or feed his backbench prepared questions obviously from . . .

MR. SPEAKER: Order, please. Order, please. Order, please. I'm certain the Honourable Member for Lakeside is aware of what his imputations are and I don't think that's right in this House. Order. The Honourable Member for Morris.

MR. JORGENSON: I wonder if the First Minister could indicate whether or not there's any significance to the fact that that particular letter which he tabled was dated April 24th, two days after this matter was raised in the House.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Honourable Member for Morris has just demonstrated that he learned the art of innuendo and insinuation from a master.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. JORGENSEN: Again, Sir, I'm asking if that kind of a reply is in order . . .

MR. SPEAKER: Order, please! Order, please! No reply is in order as well as any reply. If there is no harm done to the House there is no irregularity to the procedure, and as most members well know there does not have to be a reply. If a reply is forthcoming, if it does not transgress the rules, then there's nothing the Chair can do. The Honourable Member for Morris.

MR. JORGENSEN: Mr. Speaker, on a question of privilege again, you have consistently ruled in this House that the imputation of motives is not permissible. That is precisely what the First Minister did.

MR. SPEAKER: Order, please. The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, on a point of order then. I would suggest to you, Sir, that if the Honourable Member for Morris is trying to argue that the reply I gave in any way imputes a motive, then Sir, he should be asked to demonstrate in what way it could possibly be so interpreted. Nothing that I said was in the nature of imputing a motive to the Honourable Member for Morris. It was merely descriptive of his manner.

A MEMBER: Technique. Technique.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, on the same point of order. Mr. Speaker, the honourable member's question falls under the category out of an imputation and if anything should be ruled out of order it's the question that he is complaining about. The question suggests that a document was particularly prepared and made ready for a question which had been asked two days previously. That's imputing a motive. Furthermore the document was produced in answer to the imputation when it was first raised yesterday, and if there was an imputation of motive -- and the Honourable Member for Morris says that that motive, --the answer imputed a motive, it's only because the motive was imputed in the question.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I rise on a point of privilege and I would like . . .

-- (Interjection) --

MR. SPEAKER: Order.

MR. SPIVAK: . . . I would like, Mr. Speaker, to go over the chronology of what really took place. Mr. Speaker, in debate yesterday in answer to Ministerial Statement, I made reference to a document that I was -- (Interjection) -- Mr. Speaker, I'm on a point of privilege right now and it is important and it's relevant to the discussions taking place -- (Interjection) -- on a point of privilege. -- (Interjection) --

MR. PAULLEY: Mr. Speaker, on a point of order as to the conduct of this House which is the responsibility of the House Leader . . .

MR. SPEAKER: Order, please. A point of order takes precedent over a point of privilege, or a matter of privilege. The Honourable Minister of Labour.

MR. PAULLEY: . . . that the discussion that is taking place at the present time is concrete to the ancient rules and customs of parliamentary procedure and that there is implied criticism of Mr. Speaker. And I refer, Mr. Speaker, my honourable friends to the Fourth Edition of Beauchesne, Citation No. 72 contained on page 62 dealing with the matter of the consideration of the action of Mr. Speaker. This Assembly elects Mr. Speaker, not the government, not the Opposition, but the Assembly as a whole and Beauchesne and Citation No. 72, subsection 1, indicates as follows -- Sir, I'm sure you're aware of this, but apparently some members in the Assembly are not, and I would like to read the Citation: "The Speaker's actions cannot be criticized incidentally in debate or any other form of proceedings except a substantive motion." Now there has arisen, Mr. Speaker, during this period of oral questions many inferences directed to you, Sir, that you are not being impartial. There is a provision in the rules of parliamentary procedure to have this matter considered but not simply by raising points of orders and points of privilege. And I respectfully suggest, Mr. Speaker, that Beauchesne and others who are experts or have been experts -- because many of them have gone to their just rewards -- in parliamentary procedure, surely are more knowledgeable than some members of this House including the member who is now speaking and who raised the point of order.

And Sir, I again say to the members of this Assembly be they on this side or that side or in the middle, that if they have any criticisms of the conduct of you in this House, they have a procedure to follow and only that procedure, and it cannot be raised continuously as is being

(MR. PAULLEY cont'd) done at the present time by innuendo or by points of privilege by the Leader of the Opposition, the Member for Morris or anyone else. And for goodness sake, may I appeal through you, Sir, to all members of this Assembly to conduct themselves in a proper and fitting manner as representatives of the people of Manitoba and adhere and abide by the law as is set down.

MR. SPEAKER: Order, please. Order, please. The Honourable Member for Morris on the same point of order.

MR. JORGENSON: I have read the documentation very frequently I might add. That is the last person in the world that should be talking about conduct in the House. His conduct -- his conduct is the most deplorable of any in this House and most certainly as a House Leader. He should be setting an example and he refuses to do that. The kind of example that the Honourable House Leader . . . -- (Interjection) --

MR. SPEAKER: Order, please! Order, please! Order, please! I should like to say -- (Interjection) -- I appreciate the Honourable House Leader's contribution on the particular point of order he raised. I was aware of it, in fact I did indicate it earlier that this was the option to members if they did not agree with my rulings, my decisions and I think that we should try to work harmoniously to get on with the work of the House. Oral question. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I rise on a point of privilege. Mr. Speaker, again I would like to refer to the chronology of what took place yesterday.

MR. SPEAKER: Order, please. Order, please. May I indicate to the honourable member would he state what his matter of privilege is. Let me also reiterate once again, the same procedure is followed in regards to privilege, that you have to if you're going to indicate a charge make a substantive motion and also face the consequences of it. I'm willing to listen to see if there is a matter of privilege and take it under advisement if necessary, but I will not tolerate a debate or a chronological repetition of what took place in this House because some of it we've already agreed on as an Assembly and have voted upon it, and we cannot discuss it again. So I'm warning the Honourable Leader of the Opposition that I have got to stay within the rules of this House; they're his rules too, and I ask him to co-operate. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my point of privilege is that the Premier in his explanation of why inter-office memorandums of the Manitoba Development Corporation could not be -- other matters dealing with Columbia Forest Products -- could not be tabled in this House. It is a breach of the privileges of this House. Mr. Speaker, the First Minister stated that in effect in order to answer representations made by me and a document tabled by me it was necessary for him to present the memorandum as a further explanation. Now Mr. Speaker, the First Minister would have to be that clairvoyant to understand that such a memorandum was going to be in fact tabled . . .

MR. SPEAKER: Order, please. Order, please. The honourable member is debating a matter of difference in regards to explanation. He has not made a matter of privilege clear to me yet. He is debating an issue. I want him to reconsider what he's going to say. -- (Interjection) -- Order! The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, the First Minister, once he has tabled memorandums in connection with the matter of the Manitoba Development Corporation is obligated under the tradition of this House to table all memorandums with reference to Columbia Forest Products. And his explanation of why he responded is a breach of the privilege. He responded because of a necessity of a political answer for their actions.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I'd like to direct a question to the Honourable Minister of Health and Welfare. Could he indicate to us whether applications for welfare assistance to his department are still on an increase?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

MR. TOUPIN: Mr. Speaker, with all due respect to the Honourable Member for Rhineland, it's Health and Social Development. The applications are coming in -- I would say that they are declining instead of increasing at this stage.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Minister of Public Works. Is he prepared to take some action, in view of the mugging and a robbery that took place on the

(MR. BOROWSKI cont'd) grounds yesterday, to protect the members of this House.

MR. SPEAKER: The Honourable Minister of Public Works,

MR. DOERN: Mr. Chairman, I would like to attempt to clarify the incident of the other day. Unfortunately shortly after the House adjourned -- I guess this was Tuesday evening -- a young 19 year old boy was knocked down by three youths on the south side of the Legislature and was robbed. This was immediately reported to the police who arrived shortly thereafter. It was also at a time after the Legislature had adjourned, and I think there was a fair number of people in the vicinity, both MLA's and general citizens. I might point out that we intend -- not because of this incident but in line with this incident -- we intend as of May 1st, which is the normal sort of summer period, to hire two men to patrol the Legislature, the Legislative grounds and Memorial Park from 5:00 p.m. to 1:00 a.m., and also that we have asked for more protection from the Winnipeg police. As well, Mr. Speaker, I might advise that we are considering lighting in some manner either the Riel Monument or that side of Assiniboine Avenue, but ultimately I would say that although we can take precautions, that these isolated incidents can occur anywhere.

MR. SPEAKER: The Honourable Member for Thompson,

MR. BOROWSKI: I hate to belabour the point, Mr. Speaker, but I wonder if the Minister is going to be enforcing the law that was passed -- to 12:00 curfew that was passed against me by the previous government of nobody allowed on the grounds at 12:00 o'clock.

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

MR. JOHANNSON: Mr. Speaker, I have a question for the Honourable Minister of Industry and Commerce and it's not argumentative. Did the agreement signed with Rodell Corporation include a clause -- the agreement signed with Rodell Corporation by the Manitoba Development Fund -- include a clause stating that the Development Fund was responsible for providing Columbia Forest Products with all necessary working capital.

MR. SPEAKER: The Honourable Member for Morris,

MR. JORGENSON: Mr. Speaker, that document was tabled yesterday. That information is available to the honourable member if he wants to look it up.

MR. SPEAKER: The point is well taken. Order, Order, please. I indicated that the point is well taken, the question is therefore out of order. The Honourable Member for Emerson,

MR. GIRARD: Mr. Speaker, I'd like to direct a question to the Minister of Industry and Commerce in view of the past question. Can the Minister tell this House whether or not he is assured that the working capital that is to be provided under the legal agreement will be sufficient to assure that the mill will keep operational for some months to come?

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

MR. PETER ADAM (Ste. Rose): Thank you, Mr. Speaker. I have a question for the Acting Minister of Mines and Resources. Could he indicate if there are any plans this year to lower the level of Lake Manitoba, Lake Winnipegosis and Lake Waterhen?

MR. SPEAKER: The Honourable Minister of Mines and Natural Resources and Environmental . . .

MR. EVANS: Mr. Speaker, I'll take this matter as notice.

MR. SPEAKER: The Honourable Member for Emerson,

MR. GIRARD: I'd like to direct a question to the Minister of Industry and Commerce. I wonder if he would like to or if he would consider taking my question as notice because it is a very important one. -- (Interjection) -- No, it was not.

MR. SPEAKER: Orders of the Day. The Honourable House Leader.

MR. PAULLEY: I wonder, Mr. Speaker, if you would kindly call Bill No. -- wait, you ruled on Orders for Return. Bill No. 21, Sir.

GOVERNMENT BILLS

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

HON. SAUL CHERNIACK, Q. C. (Minister of Finance)(St. Johns): Mr. Speaker, yesterday I started making some remarks closing debate on second reading of Bill 21. I assume that what I have to say will appear anticlimatic in the . . .

MR. SPEAKER: Order, please. Order, please. I wonder if we could keep the hum down. I know we're all busy as bees but the groan is just too hard for me to take and I can't

(MR. SPEAKER cont'd) hear what the Honourable Minister of Finance is saying. The Honourable Minister of Finance.

MR. CHERNIACK: Well, Mr. Speaker, I'm quite prepared to wait a moment or two for those members who have to leave so that I can continue with the remarks I started to make yesterday. I really want only to respond to various points raised by various speakers. I don't intend to debate the philosophy all over again unless so prompted or provoked by others to do so.

Other than that, I note that the Honourable Member for Rhineland made a point about the debate back when the revenue tax bill was introduced by the Roblin government and discussed extensively at that time. I doubt very much if at that time there was much objection on the opposition side of the House to taxation on tobacco or liquor or indeed on production machinery which of course was not produced by the previous government. But to the extent that we are now engaged in an exercise of shifting taxation, as has been discussed, this government feels that the relief in the education real property tax of some \$34 million estimated by us is a much more justifiable relief than the additional taxation which we are proposing to make -- and I think that the debate generally has not indicated any strong opposition to that principle. There has been debate on specifics but I don't believe that that principle was strongly argued.

The Honourable Member for Rhineland referred to the nine percent interest chargeable on arrears in taxation -- in remittance of taxes collected as usurious. I point out to him clearly that this is not money loaned as an investment for a return on the investment. This is actually trust monies, monies collected by agents of the Crown who have failed to remit in time and therefore are being asked to pay an interest penalty if you like to call it that. The danger when this kind of interest rate falls below the commercial rates is that people start using monies not belonging to them but trust monies in effect belonging to the Crown to finance the operations of their business. So that certainly there should not be a more beneficial penalty interest rate, than there would be at commercial interest rate, and I would think that the Honourable Member for Minnedosa who I see is listening to what I'm saying, as an ex-banker would agree that it would be wrong to use it in that way. But I won't put words in his mouth, he can speak for himself on other occasions. I point out that at present the Revenue Tax Act carries an interest provision by regulation as is indeed proposed in the amendment to The Tobacco Tax Act, and the present rate is nine percent. It is a variable though and the present proposals do.

The Honourable Member for Assiniboia made a number of remarks. He dealt with retroactivity and talked about the advisability of people being able to adjust to any change in law. And indeed that is the very thing that is considered undesirable in taxation methods. Tax avoidance is a legitimate and legal basis on which to operate but to give people notice well in advance that there will be a certain tax so that they can get busy to avoid the tax is really not the obligation of government. I would point out to the honourable member were he present to say to him that the tradition in the Federal Government and throughout the term of his own party's government in Ottawa, has been to introduce taxation on budget night and then pass legislation thereafter retroactively, to the extent as I pointed out earlier that I'm informed that there were certain tariff changes, customs duties imposed which were actually not enacted for as long as 14 months after the Budget Speech referred to them and after indeed they came into practice and were collected.

He spoke about public hearing -- and incidentally I may say that I assume that the tradition for a Finance Minister to resign his portfolio in the event that he is responsible for a leak before budget time is exactly consistent with that whole theory, that it is not advisable to let people benefit. Now the Honourable Member for Assiniboia referred to the Carter Commission, referred to public hearings and stated that there ought to be these things. Quoting the Carter Commission and stating as he did correctly that the New Democratic Party agreed with the principles of the Carter Commission report, which is true, but that doesn't mean we agreed with all of it. Nevertheless I read from Page 119 of the Carter Commission Report, Volume 5, that good could come from greater publicity for changes of serious consequence for the whole country. That means principle and that means the broad scale of things and not specifics, and that is the point he made. But later on on the same page he said, "We would rule out advance disclosure of any change having a pecuniary advantage or disadvantage to any specific individual or group. We would also exclude any change of such a nature that foreknowledge would permit the taking of steps to frustrate its effects." And I think that this

(MR. CHERNIACK cont'd) makes sense and I don't think that others who spoke on this matter dealt with that.

May I say that I've heard from various people in connection with the proposals, I have heard from people who are concerned about the impact on them of production machinery tax, and mainly in relation to the straddle provisions, I also heard from cigar manufacturers, and today was pleased to receive a letter from the Cigar Institute of Canada which represents all of them, wherein there is an acknowledgment of prompt discussions which resulted in what I've already announced a proposed minor change for a certain priced cigar and a statement which would indicate that co-operation between industry and government is unquestionably a matter of great pride and satisfaction and encouragement for everyone. And I think that that is an indication that we have responded to what people have had to say about it and are doing our best to answer their questions and satisfy them to the extent that they may be uncertain about any proposed legislation.

The point made by the Member for Assiniboia about production goods already ordered, I think he misunderstood the bill or my explanation of it and I would have to tell him that production goods ordered at a fixed price prior to budget date and delivered even after May 1st but before November 1st would not be taxable. And I would say that the provisions, the various straddle provisions in this Bill are I am informed exact duplicates of the straddle provisions provided when The Revenue Tax Act was first brought in under the Roblin Government to take care of the same similar kind of provision. The only change is one which I think is a good change, and that is that in the case of the Roblin bill the date was much earlier in relation to the passage of the bill than we are proposing. We are proposing a November 1st date for delivery, whereas the date that would have applied in the case of the Roblin bill would I believe have been May 1st, so to that extent we are recognizing a longer period of time for delivery date tax free.

The Member for Birtle-Russell made his contribution. Of course I wrote down what I think is a statement which should be enshrined somewhere, even beyond Hansard, where he said that he objects to "this" method of taxation of "any" method of taxation and I think that that should be remembered. It's fortunate for him, or rather to save him embarrassment that - and I think I'm right - that he was not here when Premier Roblin actually brought in The Revenue Tax Act, of which these are just minor amendments, because I don't know what kind of a speech he could have made then, believing as he does, what he said he believes and having to support a very large tax measure brought in by the party of which he is still a member and spokesman.

The Member for Sturgeon Creek made some points, some I won't bother dealing with. He did talk about - and he said this before - there is only one taxpayer, there is no such thing as a shift, and I would have to say to him if that were true in just the simple form in which he put it, then I don't know why he's objecting. If he's objecting to the fact that there is one taxpayer who is paying costs in one way or another there's only one, and according to him there's only one kind of them, then why all the fuss. Let us go through our mechanical exercises if that's all it is to him and not do all the arguing that he has been doing. The fact is what he objects to is the differential treatment that people in Manitoba are receiving, based on that phrase which he has begun to reject, and that is the ability-to-pay principle. He referred to a letter which was sent to me of which he received a copy. I don't know of course just what letter that was, but I think it's a letter which I did receive talking about sales tax imposition -- and speaking that his group had worked hard to get a company. And I believe in the case that I refer to, and I think the letter he referred to, is a company which is a national company and which has substantial operations in Manitoba, that this five percent production tax might affect a possible marginal operation. And I - knowing the company of which I speak and I won't name it because I'm not sure that it's the one that he referred to - I cannot believe that they would take chances on marginal operations where the one-time five percent capital investment which is depreciable will really prevent them from going ahead from what is a good and viable operation. In return they must know that both they and their shareholders in Manitoba, the employees of the company, will get substantial education tax relief and that to them should be something that makes it worthwhile.

The Member for Assiniboia also referred to taxes on entertainment. I don't know where he got the idea that there is anything in the bill that proposes to tax entertainment of -- he said recreation. But then I think he was referring to the imbibing of alcohol as being a form

(MR. CHERNIACK cont'd) of recreation and to that extent I must agree that it is in many cases and to that extent, yes, we are proposing to tax liquor. But other than that the specific reference to the Amusements Tax Act is, firstly, where we are relieving taxation which presently exists for amusement tax to be payable for entry charges of up to \$1.00, whereas the existing I believe is 60 cents or 65, I believe it's 60 cents now. We're raising that, so we are relieving taxation in that field. The only other change is an effort to define what is an amateur entertainment, and there is no such definition now and it has created certain doubts, so we want to define it. I've heard no objection to that specific one.

And then the Member for Sturgeon Creek said we must find a better way; we must reduce taxes; we must lower taxes by ten percent, not raise them, and of course then his solution was to cut boards and commissions. When asked which would be the first one he did not name any board he would cut or remove, he named a board which he said "whose budget he would reduce". He also talked about legislative assistants, the principle of which I think was not only accepted as being advisable under previous law but indeed by the previous government where Ministers did have executive assistants. But just if he were right about that, the amount of money he is talking about is infinitesimal compared to the transfer that we're proposing to make to reduce estate tax -- I'm sorry, education -- real property tax by the income tax rebate, a tremendous differential, a taxation that we have said involves something like \$34 million. But I'm not aware of any existing board or commission which the opposition would recommend being removed. -- (Interjection) -- Oh, the MDC has been suggested by them. It is their creation, they built it and now they want to cut it down, but that is probably the only one I've heard reference to and that's a Crown corporation, not a board or a commission. The -- (Interjection) -- of course the Conservatives and the person who is now interrupting me, Mr. Speaker, being the Member for Fort Garry, is the only one who made a specific reference to what could be cut and I've said again and I'll repeat it now too, what he proposed was a reduction in payment of the RCMP costs provided to the smaller municipalities in Manitoba. That was his contribution to reductions.

Now the Member for Brandon West referred to several -- oh yes, of course he did say that municipalities should pick up the costs. But I think that he intimated that the costs would be cheaper if they didn't hire the highly trained, highly skilled RCMP officers. And of course I pointed out earlier that he was wrong because half the cost of the RCMP is being paid through the Federal Government. I want to refer now to the Member for Brandon West who took a much more reasoned approach to this debate. He did not wax emotional about it or attack things, he spoke in a more specific way about certain costs and I think that it was a positive contribution. He did ask some specifics on aircraft. I would inform him that aircraft and the parts and services to them that are used exclusively in Manitoba are now being taxed under the law passed by the Roblin Conservative administration. However in the case of Transair to which he referred apparently those flights which may originate in Manitoba but are part of a schedule taking them out of Manitoba have not been taxed heretofore, as compared with Lambair where I'm told that they have hardly any flights that fly out of Manitoba and they are being fully taxed.

Now the proposed change would be that Transair and Air Canada and CP Air would be taxed on the basis of that portion of the mileage which they fly within and over Manitoba in relation to their total mileage flown, and in the case of Transair therefore where apparently -- and this I really wasn't aware of although I've been a tax collector for almost three years -- if they have a flight that flies from here to The Pas, to Flin Flon, to Regina, then they haven't been paying a tax for the mileage flown in Manitoba because part of the schedule took them out of the province. It's the same for the flight that they have going to Ontario, to Toronto. Well the proposed change will make them liable for taxation for the cost -- remember we're talking about the one-time capital cost or repairs to the airplane -- that that cost will be related on the basis of the percentage of mileage flown in and over Manitoba as related to the total mileage flown. The large planes that they now fly, the jets I believe have been tax free up to now even though they have been flying within Manitoba. I'm told that the estimated return or additional taxation to Transair would be in the neighbourhood of 40,000 plus some dollars. And by coincidence during lunch I was reading the Globe and Mail this morning which had a lengthy story on the new President of Transair, and it refers to the fact that Transair now has a four and a half million dollar annual payroll. I don't know what its turnover is but I see that the payroll alone is four and a half million dollars. I see that last year they showed

(MR. CHERNIACK cont'd) a profit of 246,000 before some extraordinary gain of 259,000 which gave them a final net profit of \$505,000. What we are proposing here again is a tax which should not be burdensome to them but should be one that they could easily absorb and make them more competitive with Lambair for example.

MR. SPEAKER: The Member for Churchill.

MR. GORDON BEARD (Churchill): If Transair had a jet motor repaired in, say Montreal, would they be paying a tax in Montreal on that? Do Quebec charge the tax on that, do you know?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNAICK: Now, Mr. Speaker, I have to answer that question on the basis of what I understand and not what I'm sure of, because that's a very detailed question. My understanding is that the Quebec law is the same as our proposed law and that is that the charge would be related to the mileage flown in Quebec on their routes related to the total mileage flown. I am subject to correction and if I made an error then I am sure that my staff will catch it and I will report to the Member for Churchill.

May I say that this tax I am referring to on aircraft -- I've mentioned Transair -- would also be related to their competition and Air Canada and C. P. Air, because it is proposed to tax all of these airlines for the portion of the mileage flown in Manitoba. Now the Honourable Member also -- I believe he asked, but I'll give him the answer even though I am not sure whether it was his question or someone else's -- as to what are the expected reductions and increases proposed that would be effected by this bill. I referred to them generally in the Budget Address but I can give a quick rundown of what we expect will be the effect of it.

Firstly, I would say that according to calculations, estimates prepared by our staff - the education property tax credit plan could run to some \$28 million and the 5 percent increase in the share of the education foundation program is estimated at a minimum of \$6 million. Frankly I think that's a low estimate and we do therefore expect a total shift of \$34 million. As against that we have the following estimates and some of them are rough because they deal with an unknown, that is a previously uncollected or unselected tax -- but the increase in the alcohol tax should run to some \$3 million for a full year I'm speaking now; production machinery some 12 million; the removal of the aircraft exemption somewhere in the neighbourhood of 300 to 400 thousand dollars, hopefully more, but that's the estimate that we made; removal of Commercial Vessel exemption would be minimal, there are only two vessels now in Manitoba of that size; the removal of petroleum products exemption some \$20,000; these are pluses that I have referred to.

Now reductions - the estimates I have been given -- safety clothing some \$50,000; used clothing, footwear and furniture, some \$20,000; shoe repair some \$10,000; farm horses, which was just a nominal, some thousand dollars; firewood about \$1,000; services that are shipped out of Manitoba, some 20,000; the drug items, toothpaste, toothpowders, denture cleaners, adhesives, sanitary pads, tampons, something in excess of \$200,000; and the taxation of used aircraft, used snowmobiles, offset by refunds that would be applicable is really an unknown figure. The total estimates -- oh the tobacco tax some 4 million, the mineral acreage some 300,000 making a total estimated net tax increase of 19,300,000 which offset against the estimated \$34 million in reduction of education, real property tax, would leave an excess of tax cuts over tax increase of some \$14.7 million. That is the reason, Mr. Speaker, we have no hesitation in bringing forward this bill, in asking the House to support it, knowing full well that there is still a much greater reduction in taxation for Manitobans than there is an increase in the taxes imposed by this bill.

MR. SPEAKER: Is the House prepared to adopt this motion?

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

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

MR. SPEAKER: Call in the Members. Order, please. The motion before the House is the adoption of Bill 21 proposed by the Honourable Minister of Finance for second reading.

A STANDING VOTE was taken the result being as follows:

YEAS: Messrs: Adam, Allard, Barrow, Borowski, Burtniak, Cherniack, Desjardins, Doern, Evans, Gonick, Gottfried, Green, Hanuschak, Jenkins, Johannson, McBryde, Mackling, Malinowski, Miller, Paulley, Pawley, Petursson, Schreyer, Shafransky, Toupin, Turnbull, Uskiw, Uruski and Walding.

NAYS: Messrs: Beard, Bilton, Blake, Craik, Einarson, Enns, Ferguson, Froese, Girard, Graham, Henderson, G. Johnston, Jorgenson, McGill, McGregor, McKenzie, Moug, Patrick, Sherman, Spivak and Mrs. Trueman.

MR. CLERK: Yeas 29; Nays 21.

MR. SPEAKER declared the motion carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I believe that the House is prepared to move into Committee to deal with Bill 21, Committee of the Whole. On that assumption I would move, seconded by the Honourable the Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into the Committee of the Whole to consider the following bill, Bill No. 21, an Act to amend the Revenue Tax Act, the Tobacco Act and the Amusement Tax.

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

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COMMITTEE OF THE WHOLE HOUSE

MR. SPEAKER: The Honourable Member for Logan.

MR. CHAIRMAN: Bill No. 21. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, maybe I'll just . . . make sure that the Legislative Counsel is available. I believe he is and he will be here soon. May I say that I believe I can handle this. The only point is -- I have referred during the introduction of the bill to one amendment, and I assume that he will be bringing that amendment with him -- that is in Section 24 -- so that I believe we can go ahead even while we are waiting for him, unless again, members of the committee would like him present throughout -- he is a servant of the House.

MR. CHAIRMAN: Agreed we proceed? (Agreed) Section 1, subsection (1) -- passed; 2 -- passed; 3 -- passed; Section 1 -- passed; Section 2 (3) (1) -- passed; Section 2 -- passed; Section 3 -- passed; Section 4 (3) (13) . . . The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, we oppose this bill on second reading. We intend to oppose this bill in various clauses and we intend at some length to deal with the particular clauses, so I think it would be rather appropriate on this particular item, even though there is a tax on liquor, to make our position known and clear.

Mr. Chairman, we do not believe that taxes have to be raised in Manitoba. We do not believe that the government has found the reason or has justified the reason for raising taxes. We do not believe that the measures that the government have proposed for the expenditures and the budget that has been presented by the government has justified our supporting a further tax increase in Manitoba, whether the tax increase be on liquor, on tobacco, on production equipment, whether it be any other form of taxation. Mr. Chairman, we repeat again that it's our belief that what is required in Manitoba is a tax reduction. And we do not accept the basic philosophy of the government to pay now and fly later with respect to the proposals for an education tax reduction program which sort of justifies the -- in their minds -- which is the political justification for the raising of taxes. We do not believe as a matter of fact that the government has in any way proved that they intend to next year pay out as much money as they have suggested in their budget and as they continually refer to, that is \$28 million.

We believe that is a sham, we believe that the government -- and the government certainly hasn't put on the table any method by which they arrived at that figure -- we can only conclude that the method we arrived at, which was to take a maximum optimum number who could be eligible and say they in fact were eligible for the education tax credit to indicate the amount that would be given. Mr. Speaker, there is approximately by this Act, \$12 million, if I am correct, to be raised this year; 19 - 20 million to be raised next year, and this section will raise a certain sum of money. We are asking the people of Manitoba to pay increased taxes for government programs that should have been paired down, and for government mismanagement. In all conscience, Mr. Chairman, there is no justification on our part for supporting any tax increases in Manitoba and for supporting this particular tax increase. Now the government -- the government had an obligation to find money if they required it for carrying on government programs and even for a tax credit program. They could have found it, not by asking the people to dip in their pockets, but by the government looking at their own situation and in fact paring their expenditures. We are not satisfied that that process was completed.

We are not satisfied that the government has acted properly, we are not satisfied that the work that has to be done was done. And, Mr. Chairman, for everyone in Manitoba who in the next period of time will walk into the Liquor Commission and will pay an extra amount of money to the Minister of Finance's coffers. For every person who will do that, for every Manitoban that will do that, it must be understood that what they are doing is they are taking out of their pockets to essentially pay for government mismanagement; for government lack of control, for government inefficiency, for government waste; for the refusal on the part of government to recognize that it is not up to them to continually take more and more and more and more money from the hands of the people into their hands because they know better. And Mr. Speaker, you are giving - you are not giving anywhere near what you proposed, you are not even transferring it; and if you wanted to transfer it's very easy - cut your expenditures, then you could have transferred. But in effect all over, but what you in fact have done, is you are asking the people to pay more and more. On this there's a direct amount, because it is known and based on past records, on others it's going to be hidden - it will be hidden in a

(MR. SPIVAK Cont'd) . . . that -- particularly on production machinery, and we will come to that -- in a way in which the people of Manitoba will be fooled -- they will not be fooled. But I must tell you, Mr. Chairman, if the Minister of Finance believes that because he thinks that liquor is acceptable and cigarettes is acceptable to a number of people and they will not be felt; if he believes that the people of Manitoba are not going to recognize that every cent that they will be paying additional to his coffers, is for programs that he could have cut down because of waste and that they are going to be satisfied, then I must suggest that I think he's wrong, because it's my belief, Mr. Chairman, that the people of Manitoba do not want an increase in taxes, they are not going to be prepared to accept increases in taxes. We believe that we reflect the far majority in this province who are not prepared, do not want taxes raised, do not want taxes raised on anything, including liquor, and who will resent very much an action of a government that felt it necessary to do this. Mr. Speaker, in total this year and next year we are going to realize on the basis of the Minister's figures, \$32 million. In reality, if the Minister's figures were correct we would be paying out 28. But twelve of that is coming from the existing program, 9 million this year and 3 million from last year, so in effect there is really only \$16 million of new money that is going to be paid out for which we are going to be paying \$32 million in taxes. Now if anyone wants to talk about a sleight of hand on the part of the Minister who says that he's giving back, that's one. Mr. Chairman, we cannot nor will we support this particular item.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, we've had an interesting period of time since we started this session. This same matter has been debated again and again and we are still hearing what I consider absolute nonsense from the Leader of the Opposition in relation to the whole picture. We have described in great detail the tremendous shifts that we have carried out from the time we came into government. These shifts have been real meaningful shifts and all the shaking of the heads that they have across the way still cannot negative the fact that we have transferred massive sums of money into those pockets, if you want to speak of pockets and many of them are threadbare pockets, in Medicare, in education tax, in many areas which we've accounted for to the people and will continue to account for.

I will not rise again to give credibility to the statements made by the Leader of the Opposition; I believe we have stated our position often enough so its well known. We will have further occasion to state it when we report to the electorate.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, the Minister of Finance recalled the shift of Medicare and as my colleague the Honourable Member from Lakeside has pointed out, as a result of the mismanagement on Lake Winnipeg, any gain that the Medicare shift may have had for the people will be paid by the people in the annual amount that they will have to pay as a result of new Hydro charges. So the suggestion by the government opposite that in effect they have caused a shift, because of their mismanagement, if they had caused a shift it will be again borne by the people but in another form of taxation, this by the rates in Hydro.

The suggestion again, Mr. Speaker, is that the government is doing something in which they are transferring it to the people and I, Mr. Chairman, must point out again that all we have from the Minister that \$28 million is going to be paid is his statement that \$28 million is going to be paid. We have no facts.

Mr. Chairman, we listened to the Honourable Minister of Municipal Affairs tell us of what was going to happen with Autopac. He told us of the great savings that were going to be made of Autopac. Oh yes, the Member for St. Matthews shakes his head. Well the people in Manitoba know that there were no such savings. They know there was no such savings. Mr. Chairman, they know as well, they know as well that all the promises that were made were hollow. And, Mr. Chairman, we have the same thing, we have the Minister standing up and saying \$28 million is going to be shifted next year. How is \$28 million going to be shifted? Because he says so? He's never even proved his amount to the satisfaction of anyone, he hasn't brought any proof at all. He says that they did it on the basis by examining and looking to what happened in Ontario, and in that respect he has presented realistically two contradictory positions. On a television program he said well we did it, we divided the amount that Ontario was going to be getting which was \$160 million, and that was stated in their budget, and we divided it by the difference in population and then we added, I think, \$4 million. Then at another time he said, no no we didn't do it that we did it on some actuarial basis and then we have

(MR. SPIVAK Cont'd) . . . \$32 million and then we subtracted. The truth of the matter is that the government cannot justify their claim that \$28 million will be shifted next year, except by saying that we tell you so, we know so. Well, Mr. Chairman, they knew so with respect to Autopac and the truth of the matter is that the savings that they claimed never have come about.

Mr. Chairman, again, the government arrived at \$28 million by categorizing from the record as they saw it those who could receive \$140, those who would receive between 100 and a 140, averaging 120, those who would receive 75 between 50 and 100, and those who would receive 50. And if you do that calculation you come out to a \$20 million figure. There is no \$28 million that will be paid by the government to the people of Manitoba. We are asked to approve taxation on liquor, taxation on cigarettes, taxation on production equipment. We are asking the people to pay and to continue to pay and pay through the nose on suggested transfers that the government will be making to them, which they claim they will be making but which they haven't proved.

Mr. Speaker, the Minister of Finance can say all he wants and he's not going to rise in this debate but I suggest that the Minister of Finance has not produced one fact. And I want to tell you, Mr. Chairman, the Minister of Finance has practiced law. He could never go into a court of law and say in a court of law, Mr. Chairman, I say this, without producing something. He's produced nothing. He said we worked it out. Well I don't believe he's worked it out. I believe that he did a great deal of simple arithmetic and he came up with a figure that looked politically attractive and could justify \$32 million of taxes being raised this year and next year and they could then justify their need. And their need, Mr. Chairman, was, for additional revenues, and the need for additional revenues is needed because they are not prepared to do the expenditure reform. No matter how they talk about the massive shift that they are making, the massive shift is not there, the taxpayers when they get their tax bills this year will know that it's not there. The taxpayers when they get their tax bills next year will know that it's not there and they will understand very clearly that what has happened is instead of government efficiency becoming a priority, government taxation has become a priority and that it's necessary to go out and get more and more and more money and the question has to be asked for what. We do not believe, Mr. Chairman, that at this time the government in any way has justified this particular item or any other item.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I appeal to you not to rule me out of order until I'm through responding to the honourable member, after which when he launches into this kind of a speech again during this Committee then I would propose to raise as a point of order the fact that we're dealing section by section and that he and his supporters have had ample opportunity and took advantage of the opportunity to debate the whole principle that he's now debating again during second reading where indeed it was the proper place. Now he wants to repeat his speeches again and again, I don't know at what stage we will lose patience. I know that members on his own side will lose just the patience of sitting around listening to the same old stuff in the same old manner coming out of the same old person.

I must say that when he spoke about simple arithmetic, I would have to suggest to you unkindly but truthfully, and he always says - the truth is, the truth is, Mr. Speaker, when it comes to simple arithmetic even he doesn't know how to handle simple arithmetic as was proven by his presentation on this very question. Simple arithmetic indeed, Mr. Chairman.

On the question of the calculations, I did the best I could to explain the method in which I expected my staff to arrive at the figure, I did not say that they took the Ontario figure and did some arithmetic on that. I said that - and he's the one who raised it first, and again he did a mistake in simple arithmetic while he was comparing our cost with that of Ontario and then realized that his simple arithmetic was cockeyed and he had to straighten it out while he was on his feet, and the fact is that we only related it to show that we did not appear to be out of line.

Now the calculations were made not by me but by people who I think are more expertise than either the Leader of the Opposition or I am in making an estimate which has certain unknown factors in it. And we have said before, if the \$28 million which we have been given to understand is a fair estimate, is indeed less than it is, it creates more possibilities and there will be greater flexibility within which to disclose of it, and I don't intend to continue that.

Now he referred to Lake Winnipeg and he found some red herrings there. I didn't know that there were such in Lake Winnipeg but he brings in the same old red herrings of Lake

(MR. CHERNIACK Cont'd) . . . Winnipeg regulation ignoring completely all the debate that has gone on in the past about the benefits to be derived therefrom, and he wants to introduce that debate - Mr. Chairman, I don't think you should let him do it because I think there comes a time surely, when we've heard the same old stuff again and again on Lake Winnipeg regulation and there will be more occasions where it is germane.

The same of course applies to Autopac where there will be substantial savings and that will be proven, and the truth of the matter is, if I may use an expression which the Leader of the Opposition delights in using, there will be significant advantages proven in Autopac and I don't intend to say any more about that. As a matter of fact I hope to say very little more during this debate because I don't think that the Leader of the Opposition or his group are inclined to say anything more of a meaningful nature but to repeat again and again, even to the extent where the record is rather broken, shoddy and shopworn when used by their hands and by their blunt needle.

MR. CHAIRMAN: Thank you. Before we proceed I would draw the members attention to our new House rules, Committee of the Whole, Committee of Supply, Committee of Ways and Means, on page 20, Section 64, subsection (2) Speeches in the Committee of the Whole House must be strictly relevant to the item or clause under discussion, and I would caution members to pertain to the item that is under discussion otherwise I'm going to have to rule you out of order. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, sarcasm is no substitute for facts. Mr. Chairman, the Honourable Minister of Finance criticized simple arithmetic in the form of a presentation that was made by myself. And I admit that there were errors that were made. They were not errors of simple arithmetic, they were errors made with respect to understanding and to the application of this new Federal Income Tax Act. But the difference between the Minister of Finance and myself is at least I had the guts to put on paper and in front of the members facts and figures. The Minister of Finance has produced nothing except to suggest that he has calculations with unknown factors and which gives him the right to arrive at a figure and we have to believe it. Well, Mr. Chairman, we don't believe it, because in fact . . .

MR. CHAIRMAN: Order, please. I would draw the honourable member's attention to the section in the rules that I have drawn to his attention where under Section 4, subsection 3 (13) the tax on liquor. I would request that the Honourable Leader of the Opposition confine his remarks to this item under discussion.

MR. SPIVAK: Mr. Chairman, I suggest that we are now dealing with a tax, the tax is part of a total program, the government has indicated that they are raising this money to cause a tax shift next year and they have brought the education tax credit program as part of their overall policy -- (Interjection) -- I am on a point . . . -- (Interjection) -- I'm on a point of order.

I suggest, Mr. Chairman, that I have a perfect right to deal with government policy which has been responsible for the tax proposals that are before us and if you suggest, Mr. Chairman, that I cannot discuss this at this particular time, then what you're suggesting is that we only have one opportunity on second reading before we get into committee to in fact debate this.

Mr. Chairman, may I say this. The Honourable Minister of Finance is asking us to approve a tax on liquor. The tax on liquor is for government expenditures. Surely it's relevant for us to talk about government expenditures. Or are we going to be -- (Interjection) -- against the tax on liquor?

MR. CHERNIACK: Mr. Chairman, I'm sorry. The Honourable Member is presumably still speaking on the point of order. I'll wait until he completes it.

MR. SPIVAK: I suggest that on the point of order, Mr. Chairman, we are entitled to debate the expenditure of the government particularly the real identifiable expenditure that the government has suggested which justifies this particular tax being raised. And if, Sir, you rule that - make it impossible for us to deal with it, then in effect the Opposition in this House, the Opposition has no function in this House. There's no purpose.

Now I cannot in any way believe that you would prevent us, Sir, from allowing a discussion of the particular items which have been responsible for the raising of this money. The Education Tax Program has been specifically identified -- (Interjection) -- Yes, I wonder if the Minister -- (Interjection) -- I am speaking on the point of order. -- (Interjection) -- Mr. Chairman, unless you're going to instruct me otherwise and unless you're going to suggest

(MR. SPIVAK Cont'd) . . . to me that there is a time limit on how much time I can spend on the point of order, I would ask you then to rule whether in a given time I am out of order but at this point I think I am in order and I think I'm in order to suggest once again that we are dealing with a tax item, the government has identified a particular program as being one of the main thrusts of their tax policy and justifying this particular tax, and if you prevent us from debating it then as I say there's no purpose in even meeting here as a Legislature.

MR. CHERNIACK: Mr. Chairman, on the point of order . . .

MR. CHAIRMAN: The Honourable Minister of Finance. Same point of order?

MR. CHERNIACK: Yes, yes, yes, Mr. Chairman. I'm raising it as a point of order and I think I started it, by pointing out that I believe that the honourable member was out of order before and I was out of order when I responded to him and I ask you for your indulgence to let me respond even though I knew I was out of order. Mr. Chairman, there is a rule which I don't even have to cite to remind honourable members that you are not supposed to have repetitious debate.

Now we had the Budget Speech where we debated the principle in the budget and there was a great deal of debate. And we had second reading. Now second reading is where you speak about the principles involved and in this particular measure we were of course debating taxation and the benefits of taxation. Under section by section - and you read the rule to us - we are confining ourselves to the section and I believe that all members have a right to speak on the advisability of imposing a tax on liquor, in this case, an increased tax on liquor. Mr. Chairman, the way the monies are to be used have been debated under second reading, I believe can be debated under third reading, and I've already indicated that a bill will have to be brought to the House in connection with the expenditure of this money, so there has been and will be ample opportunity to debate the principle that the honourable member is now attempting to debate and I think he must confine himself to proposed subsection (13) of Section 3 and deal with that. And he will have opportunity in the future as he had in the past.

MR. CHAIRMAN: I thank the honourable members for their observations and I will once again draw members attention to Rule 64 Subsection (2) and I shall rule: "Speeches in Committee of the Whole House must be strictly relevant to the item or clause under discussion." Section 4, subsection 3 (13). The Honourable Leader of the Opposition.

MR. SPIVAK Mr. Speaker, I understand your particular reference and again I would like to deal with the arguments that I've been advancing before and further them.

Mr. Speaker, even though some of the calculations that may have been presented in this House were not correct, at least the Opposition produced something in writing. --(Interjection)--

MR. CHAIRMAN: Order, please. Order. I again caution the Honourable Leader of the Opposition. I have stated twice and I'm going to suggest to the Honourable Leader of the Opposition that it is not in agreement with the decision that I have made, he knows the procedure by which he must proceed. I am going to caution him that if he again starts to deviate from Rule 64, subsection (2) I'm going to rule him out of order. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I intend to deal and present my argument as I presented it before. I intend, Mr. Speaker, to indicate to you that I had the courtesy to bring into this House . . .

MR. CHERNIACK: Mr. Chairman, on the point of order, the honourable member has indicated that he intends not to follow your ruling.

MR. SPIVAK: I am going to continue until the Chairman rules me out of order.

MR. CHERNIACK: Mr. Chairman, I believe that you have ruled him out of order.

MR. CHAIRMAN: I have ruled the honourable member, the Leader of the Opposition should confine his remarks to the speeches or the Committee of the Whole House, must be strictly relevant to the item or clause under discussion. I'm prepared to listen and if the member is not prepared to deal with this item, then I'm going to rule him out of order. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, this tax on liquor is being raised for government expenditure. This tax is being raised from the people of Manitoba to pay for a whole range of government expenditures, but the Minister of Finance has particularly made reference to the fact that the taxes to be raised by this item and others that are included in the Revenue Tax Act, will be used for an education tax credit program next year.

MR. CHAIRMAN: Order, order. I have to rule that out of order. The Honourable Leader of the Opposition if he wishes to continue he has the alternative to either abide by the

(MR. CHAIRMAN Cont'd) . . . decision of the Chairman or to appeal the decision of the Chairman. I am ruling the honourable member out of order.

Section 4, subsection 3(13). The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, under section 3 (13) we speak of a tax that will be computed at the rate of 10 percent of the fair value thereof. I would like to get an interpretation from the Minister what he means by "fair value". I know that in Social Credit we have the matter of the just price and I remember too well the Member for Inkster always referring to the matter of fair value and the just price - what constitutes a just price I would like to know from the Minister . . .

MR. CHAIRMAN: Order, please. Order. I would like the honourable member to take cognizance of the ruling that I have made and speak to the section under discussion, Tax on Liquor, subsection 3 (13) of section 4. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I was just quoting from that very section. The last part of that section says "the computation shall be made at the rate of ten percent of the fair value thereof." I wanted to know what represents a fair value? I also referred to what the Member for Inkster so often says when I discuss Social Credit as to the just price - what is the fair value and how does the Minister arrive at a fair value, and does he think that liquor today is sold at a fair value?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I believe that the intent, and I look to the Legislative Counsel, I believe that fair value is market value is what people are prepared to pay for a product, but I would assume, too, that in the event that someone decides to give liquor away, in a licensed premises, that the fair value would be the value of that liquor which is normally sold at a set price. I'm guessing at that but I do refer to the fact that the Act does provide, I mean the Act itself, a definition of fair value and I'll read it to him. "Fair value means (1) the purchase price as defined in clause (h) or, (2) in respect of tangible personal property manufactured, processed or produced by a person and consumed by him, the value as determined in accordance with rules prescribed by the regulations or, (3) the value as estimated by the Minister, pursuant to section 16." I would guess from that that if somebody manufactures his own spirits and then consumes them, that the tax collector has a right to impute a fair value to the homebrew that's produced - - and one of the members of the House indicates that the liquor that he produces illicitly he's prepared to pay the tax on that. I think that's the explanation on . . .

MR. FROESE: It also gives the Minister the discretion to place a fair value. I just wonder what the Minister would place as fair value.

MR. CHAIRMAN: Section 4 subsection 3 (13) . . . The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): On section 4, 3 (13), a 10 percent of the fair value on the taxation on liquor. Could the Minister indicate how much of that tax collected will be spent on alcohol education and detoxification centres in the Province of Manitoba?

MR. CHERNIACK: Mr. Speaker, the expenditure of monies for those items are in the Estimates that are now before the House and can be dealt with under their proper section.

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

MR. GRAHAM: Mr. Chairman, the charge has been made before that previous administrations have not transferred sufficient of the money that was collected under liquor for that specific purpose; and I find that this administration is guilty of the same practice. They do not specify or do not pay sufficient attention to the problems that are created by government actively advertising and promoting the sale of alcoholic beverages; and Sir, when government takes this action then they also have the responsibility to provide for the proper . . .

MR. CHAIRMAN: Order, please. I would suggest to the honourable member that in reference to the ruling that I made previously that he confine himself to the tax on liquor. Nowhere can I see in this subsection any reference to advertising or alcohol education. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Chairman. I'm referring to the use of the tax, and it's a specific tax, it's spelled out here at the rate of ten percent and I was wondering if the government would give us a firm commitment that they would spend ten percent of the tax collected on detoxification centres in the Province of Manitoba.

MR. CHAIRMAN: Section 4, subsection 3 (13). The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, in my opinion the rate of ten percent in terms of taxation increase on the fair value involved which is used as the base, is too high; doesn't take into account, or fails to take into account the financial position and the financial capacity of many people in low income groups, pension groups for whom some of the pleasures and luxuries of life that are available to many of the rest of us are not available. A ten percent increase where, for example, a 13 oz. or 26 oz. bottle of Canadian Whiskey is concerned, is substantial because the price of that 13 oz. or 26 oz. bottle of whiskey is already substantial and the provincial tax levy on that commodity is high at the present time. Ten percent is high, it's too high for pensioners. I'm opposed to this clause and I intend to vote against it.

MR. CHAIRMAN: The Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I appreciate the comments from the Member for Fort Garry. The Conservative party introduced a five percent tax on alcohol and we are proposing an additional five percent. We have made sure that, unlike the Conservative party in Ontario, we have excluded Canadian beer, and we have excluded table wines of the value of up to \$3.00 a bottle. To that extent I think the honourable member will agree that we have in some way recognized something of what he says but not in its entirety. I recognize the point he makes. I can only say that I don't agree with the statement that it's an unreasonable impact. It's five percent more than they are now paying for a \$1.00 bottle of hard liquor, it's another 5 cents and I think that that is not out of line.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, I agree with much of what the Minister says, but I repeat that for many persons a drink a bottle of whiskey in the house on a weekend once in awhile is one of the few small pleasures and luxuries they have - one of the few opportunities they have to relax from the tedium of life. Perhaps many of us aren't exposed to as much tedium as some pensioners and some people in certain walks of life who haven't had the opportunities that some of the others of us have had. I accept much of what he says, but I am still opposed to it, because those people are hit by it.

MR. CHAIRMAN: Section 4, subsection 3 (13). The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Chairman, I would just like to say a few words about this section - ten percent - as I indicated in a speech earlier that I hoped the government would increase the tax on liquor by 15 percent across the board. I notice it's only ten percent and I simply rise to indicate that I am unhappy because it's too low. I'm rather amazed at the opposition, at the opposition complaining about it because when they were in office they put a heating tax on for us people in the north, on heating oil, which they know costs almost twice as much as . . .

MR. CHAIRMAN: Order, please. I would suggest to the honourable member that he confine his remarks to the tax on liquor.

MR. BOROWSKI: Mr. Chairman, I'm just trying to draw a comparison to show the hypocritical position that the opposition is taking. When they are in a position to impose a tax, they choose other items that are necessities of life like Hydro, car repairs and heating oil, and we are bringing in on what is considered sin in our society, and something that certainly all of us can live without, and yet they get up here and oppose it and I think that they are being hypocritical.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Chairman, I was just going to direct a question to the Minister of Finance and ask him, I see the exemption here for beer but I don't see it for wine in section 313. Is it contained elsewhere and I haven't seen it?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: No, Mr. Chairman it is not. I explained when I introduced the Bill or at least during the budget speech that the complications of enforcement or distinguishing table wine of under \$3.00 with table wine of over \$3.00 or indeed wines themselves, make it very awkward to make a separate provision for it. The result is that arrangements have been made for the Liquor Commission to reduce the price of wine of under \$3.00 a bottle by five percent, coincident with this ten percent increase; so that in fact there will be a five percent increase, a ten percent tax on table wine under \$3.00 but the Liquor Commission has agreed that they will reduce the price that they sell it at by the equivalent amount so that in effect there will not be any increase.

This proved to be a very complicated issue, we were very insistent that we should not increase taxation on table wines of \$3.00 and under a bottle and it was because of the methods

(MR. CHERNIACK Cont'd) . . . used in the restaurants and the various methods of delivery of wine - and I mean, restaurants, cocktail bars, etc. - where it was found most feasible to do it in the way I've described.

MR. CHAIRMAN: Section 4, subsection 3 (13). The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, again I would like to make a plea to the Minister of Finance and to the government to consider seriously - and I know I have no right to move an amendment - to take the ten percent tax that they collect on liquor and use ten percent of it to provide for detoxification centres which are so vitally needed in this society of ours in Manitoba.

MR. CHAIRMAN: 3 (13) -- The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I'd like to move an amendment, that the section be amended by adding to section 3 (13) at the end thereof "for those who have an annual income of \$3,000 or more."

MR. CHERNIACK: Mr. Chairman, this is a tax measure. I don't think that a member of the Opposition or a member outside of the Treasury Bench has a right to make an amendment which deals with expenditure, collection of monies.

MR. CHAIRMAN: If that is correct, then I'm going to have to rule the . . .

MR. FROESE: On the same point of order. I'm not increasing it, this will be reducing it.

MR. CHAIRMAN: I'm afraid I am going to have to rule the motion out of order. Subsection 3 (13) passed. -- Interjection) -- Ayes and Nays. Does the member have . . . oh pardon me. Call in the Members. Oh pardon me.

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

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

MR. CHAIRMAN: Order, please. For members who were not in the House, the motion before the House is section 4 of Bill No. 21 An Act to amend The Revenue Tax Act, The Tobacco Act, The Amusement Act, Subsection 3 (13).

A COUNTED VOTE was taken, the result being as follows: Yeas 30; Nays 19.

MR. CHAIRMAN: I declare the motion carried. Section 4 subsection 3 (14) -- The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I rise on section 4 (3) (14) because my questions and remarks will relate to both (14) and (15) and there is no specific section for lease purchase which is a common way of acquiring aircraft, a combination of the lease arrangement and the purchase. But, Mr. Chairman, before proceeding there were one or two questions which I put to the Minister in the debate on second reading relating to aircraft under this Act and these particular sections; and in his responses the Minister suggested that for our regional air carrier bases in Winnipeg that the additional operating costs that might be experienced as a result of the reduction of the exemptions for aircraft and parts would be in the neighbourhood of \$40,000-plus as a rough figure. Now I didn't -- did he mean to say "per annum" or was this for some lesser period?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I'm sure I did not say the operating costs would be -- I'm sure I spoke about the imposition of taxation which is on the aircraft at the time it is purchased or leased, and is not a repeater on that particular item. But the estimate is the estimate of what will be the annual revenue from new capital investment in aircraft and in repairs as capital items, and that is -- or capital investment in the items by way of purchase or repair.

While I'm on my feet, Mr. Chairman, I'm informed and I haven't checked back, I'm informed that I may have implied when I introduced the bill on second reading that there was a straddle provision relating to aircraft. If I did I was in error as members can well see from reading the section itself. That's separate from the answer that was asked for.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Yes, Mr. Chairman. I am still not quite clear whether the additional tax that would be experienced by the regional air carrier based in Winnipeg would be \$40,000 per annum roughly? Was that the figure that you . . . ?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: On the assumption that their purchasing practices continue in the future to the extent they did in the past, I would say that this is the estimate per annum, but it

(MR. CHERNIACK Cont'd) . . . is only taxed once on any one item. Or I should say there's only one tax of five percent on any one item, whether it's used for fifty years or one year.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Well, Mr. Chairman, it's common practice of course for air carriers to lease aircraft, and assuming the leases have been entered into prior to the dates of the coming into force of this Act, that payments for the lease of that aircraft would be subject to tax, and presumably the payments for an aircraft on lease would include interest charges on the lease so that a payment of sales tax in respect to these payments as they continued for a period of years, and the length and terms of the lease or lease purchase agreement might be for some five or six or seven years, might have been entered into before November 1st, 71, and might have been decided upon in preference to a straight purchase because of the financial obligations relating to both deals. Now I'm suggesting that if we are now taxing a lease of an aircraft, which heretofore was exempt because it travelled interprovincially as well as within the province, we are expecting the lessor to now pay the sales tax upon the lease payments from time to time, and this will include possibly insurance charges for the aircraft -- since it's a leased aircraft -- interest charges certainly on the total so that we're having a tax on -- additional to the actual basic lease cost.

There is one other question that I think I didn't get quite clearly from the Minister, and the Act refers in this section to aircraft engaged in foreign and interprovincial trade. Now an aircraft may be used in Manitoba, may not be engaged in foreign or interprovincial trade but may be engaged in operations outside of the Province of Manitoba, and it is not clear to me in the wording of this clause what application would apply here. I'm thinking of a level three carrier perhaps in northern Manitoba who flies into the Northwest Territories, and it would appear to me that this is not interprovincial nor is it foreign. So I'm wondering if the Act has somehow left some ambiguity here in its wording.

Mr. Chairman, the whole question of leasing and the purchase of aircraft by level two and level three carriers is one that is certainly going to affect aircraft based in Winnipeg, and I'm wondering if the Minister has explored fully the impact of this new change in respect to the desire of members on both sides of the House to make Winnipeg International Airport a major international airport and a major base for air carriers. I'm wondering if this impact of these clauses in respect to the imposition of a sales tax which did not apply previously to aircraft which flew outside of the Province of Manitoba in addition to the flying that was done within the province. So I'm concerned that this is maybe pulling away from the major thrust that's been adopted in the aviation and aerospace industry to build up Winnipeg International and Manitoba as a base for air carriers at all levels.

I think the impact of the tax in respect to northern operations is not fully explained to me because the one carrier, the level three carrier we did mention, Lambair, I'm sure does a lot of flying in the Territories. I'm not sure whether previously these aircraft were exempt from sales tax or not. The Minister implied that all of their aircraft and parts, because they did not have interprovincial carriage of passengers and freights as one of their regular duties, that they would probably have been paying the tax in the past in any event. Now I'm questioning that because of their activities beyond the borders of Manitoba and I'm wondering if this Act and these sections are not going to really have an impact upon the air carriers in northern Manitoba, those that are based there, and I'm wondering if they certainly aren't going to have a direct effect upon the charter rates and the transportation costs generally in this area. I wonder if the Minister could comment on that.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I point out firstly that the section in the existing Act which gave the exemption to aircraft reads, and I read now Section 4 (1) (r) which later in this bill is being repealed as an exemption: "Aircraft normally engaged in foreign or interprovincial trade and repair parts therefor." So it means that where this wording does not apply then taxes have been paid and are being paid today so that if there is a normal flight, a normal operation that takes them out of the province, they have been exempt and are exempt today. But if normally they do not, then they pay a tax. I'll read it again. "Aircraft normally engaged in foreign or interprovincial trade and repair parts therefor." So that a question of interpretation may have been applied as to the extent to which they were normally engaged in that operation in the past and whether or not they were taxable then is the outcome. I'm under the impression that Lambair for one has been paying full taxes because it was not normally

(MR. CHERNIACK cont'd) . . . engaged -- using the aircraft normally engaged in foreign or interprovincial trade etc. If indeed they were and did get a benefit then they would be losing that benefit. I believe it would be minimal.

Now the question about interest charges is of course interesting because -- I didn't mean that pun -- if it's a lease then it's a lease and there's a rental, and if there's a rental payable then that is the rent which is taxable. If there is an insurance premium payable over and above the rental rate then that's not taxable. But if it is hidden, submerged, then I would say there's a rental charge and that rental charge does carry the tax. The same of course would apply to interest although interest should not be calculated in a lease. If however there's a lease option, then until the option is taken up then tax is payable on the rental payable, and when the option is taken up then tax is payable on the balance of the monies required to complete the purchase. I am informed that the wording throughout is complementary to the existing Act and consistent with it and that the provisions relating, setting this out, are in accord with the -- I'm talking now about straddle provisions -- in accord with the same provisions that were provided in the Revenue Tax Act when it was originally brought in and passed here some years back; and that it is consistent with the whole scheme of the existing Act except that it brings in production machinery; so that it will apply the same way as people who have been renting automobiles or renting office furniture, that the same kind of provision will now apply in the case of aircraft and production machinery.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, on the one point then. Would the Minister say that the term "interprovincial" covers the flying to the Arctic islands for instance in the oil supply business?

MR. CHERNIACK: Mr. Chairman, that's my opinion, and if I'm known to be wrong I certainly will want to look into it. I don't want to make any commitments but that is my understanding and I'm getting an indication that my understanding is correct. So administratively that's the way it would be handled.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Thank you, Mr. Chairman. The other question of the impact of this reduction in the exemption for aircraft -- on Winnipeg International Airport and the total involvement of this Winnipeg area as an air base brings to mind of course the number of aircraft that that are based here that probably need not be based here because they're engaged on say, patrols that take them as far as Edmonton or as far as the Lakehead and so on. There are many such aircraft used for executive purposes and so on that I would think probably would receive some additional impact under this new change. So I think these are factors that certainly have to be considered by the government in their decision to remove this exemption which was formerly I think an attraction to have this kind of activity based at Winnipeg International Airport.

The other major items of course are the bigger units, the Boeing 737's that the level two carrier, the regional carrier here is using. I assume they're a lease or lease purchase arrangement, I don't know that. The Minister referred to an article in this morning's Globe and Mail relating generally to the activities of Transair, and while I don't find it in this article, it seems to me that I have read recently that they are contemplating the lease of a third Boeing 737 which would be involved in routes within the province as well as travelling outside the province, and I would think that their decisions now relating to whether or not this would be entered into would have to relate to the total increase in the cost of such a lease under the new terms.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I did not catch a very important word and I don't know whether it was said, whether the honourable member assumed that the government did or did not take into consideration the points he makes. If he thinks we did not then I must assure him that we did, and that we feel that the additional cost to the user is very very small in relation to the total operation -- that indeed when you impose a five percent tax on a purchase or a rental then that is not a continuing tax on income, it is a tax against the item that is purchased, is fully deductible as a reduction in income for tax purposes -- it is written off completely over its time and I don't think that that tax is one which should be any sort of a detriment to the operation, the financial operation of a company.

MR. CHAIRMAN: (4) -- The Honourable Member for Brandon West.

MR. MCGILL: Yes, Mr. Chairman, I thank the Minister for his explanation. I was thinking particularly of the re-equipping from time to time that these companies do in respect to aircraft, and at that time this would be the vital consideration as to whether the aircraft would continue to be based in Winnipeg -- or simply if its patrol is between here and Edmonton or Regina and so on -- these decisions then would be re-examined on the basis of the new Act.

Now, Mr. Chairman, there was a total under aircraft; increased revenue under these changes would be from 300,000 to 400,000 and we have established that approximately 40,000 might be related to the regional carrier. Could the Minister supply some additional breakdown of the 400,000 - this is one-tenth of the total expected increase in revenue that would probably come from the regional carrier based in Winnipeg - could we have just a little more detail on the additional amount that would make up the 400,000?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Well, Mr. Chairman, it's only an estimate. We do not have of course the figures of actual flying over the Province of Manitoba by the various carriers. The estimate that I've been given for Air Canada has a wide variation but it is in the neighbourhood of three or four hundred thousand dollars although the low estimate is considered to be about 240,000/250,000. CP Air would be substantially less of course and the low estimate there would be about 42,000. The figure I gave of 300 -- what did I say? About 400,000 I think is a lower estimate made up of about -- and these are rough figures so I'm not being exact -- about 50,000 from each of CP Air and Transair and about a quarter of a million from Air Canada. Those are considered low estimates.

MR. CHAIRMAN: The Honourable Member from Brandon West.

MR. MCGILL: Mr. Chairman, did I understand the Minister to say about 250,000 from Air Canada? --(Interjection)-- I see, this presumably is for aircraft repair parts, is it, or what would they be paying ...

MR. CHERNIACK: Mr. Chairman, if Air Canada purchase a plane in Montreal and fly over all of Canada then the mileage flown over Manitoba as a fraction of the total mileage flown by that aircraft will be taxable. I think further on there is that more precise definition. Yes it would be Section 4, subsection (6) at the top of Page 5.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I think the Minister of Finance may not be aware but there may have been a misunderstanding on our part and I think we're probably, are confusing, not intentionally, two aspects of this which is one the lease in the costs involved or the tax on the leasing of equipment with respect to air and airplanes, and the situation of the mileage charge with respect to - well with respect to the purchase by Air Canada, a company not based head offices in Winnipeg but who may have purchased a plane and who is flying over Manitoba. You're suggesting that there is in fact a tax based on the mileage that it would be flying. Well I think that may have been a misunderstanding. That will only apply then to Canadian based carriers or will it apply to American based carriers as well? Is North West included in those calculations or not? --(Interjection)-- North West is included. Well then every carrier coming into Manitoba will have a percentage; it may be a small percentage depending on how much travel and mileage comes in ... I see. May I ask the Minister on this particular section - is this section comparable or follows very closely similar sections in Ontario and Quebec with respect to Air Canada and with respect to other carriers.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: I think it applies to Quebec and B.C.

MR. SPIVAK: That means that international carriers that come into Quebec would be subject to this as well.

MR. CHERNIACK: I must find clarification on that. I'll try and get it as soon as I can.

MR. SPIVAK: Well, I think this becomes very important with respect to the whole question, the issue of Winnipeg as an international gateway. If I'm correct, Montreal is an international gateway which gives the privileges of exchanges between the international carriers who are able to land in Montreal for privileges that Air Canada and other Canadian carriers have of landing in their country.

Now one of the very important things would be the development of Manitoba as an international air centre and with the development ultimately of the SST and the Concord and the ability to be able to fly the great distance, and the ability to be able to enter into the heartland of the North American continent, and the problems of noise factor - there certainly has been

(MR. SPIVAK cont'd) consideration as to the possibility of Winnipeg becoming the gateway to the middle west of North America.

Now again I think it's pretty relevant for us to know whether in fact and if the Minister is not in a position to know this immediately, I think we should know this before we're asked to pass it, whether in fact Quebec does in fact have such charges on international flights coming in. My belief would be if this was the case and Ontario did not that there would have been extreme pressure on the part of the airlines to have moved into Toronto as the gateway for Canada rather than Montreal, simply to avoid the incidence of taxation.

MR. CHAIRMAN: Section 4. The Honourable Minister of Finance.

MR. SPIVAK: . . . waiting for an answer.

MR. CHERNIACK: Mr. Chairman, I am informed that in British Columbia all carriers are covered, that in Quebec on a formula basis is for internal routes only. In our case I interpret this to be all aircraft.

MR. SPIVAK: So again you're suggesting that Quebec exempts international carriers then. That's my understanding. That Quebec and Ontario - well then I think you know, that there's a very serious problem here. It may not have been considered and it may be that the government may want to consider this before we proceed with it. But surely we're not going to try and put ourselves in the position of preventing ultimately the development of Winnipeg into an international centre and providing for Winnipeg to become a true gateway, because in effect if we are not going to allow that opportunity to happen here, then we're missing one of the great opportunities that we may have for Manitoba's development and for Winnipeg's and if --(Interjection)-- Well, I don't think we want to put ourselves in a position of being uncompetitive with other market areas where there are other opportunities. We know that there has been tremendous discussions over a period of time for increases in the bilateral agreements which will provide for Frontier Airlines, for Braniff Airlines and Eastern Airlines to come into, directly to Winnipeg and to give us access into the midwestern part of the North American continent where we have potential trade opportunities. In Denver, St. Louis, Kansas, Milwaukee and the bilateral agreements are capable of being negotiated between Canada and United States in the kind of soft dealing that takes place and surely we do not want to put ourselves in a position of penalizing this area with respect to access to this part of Canada or our access as an example into that area. And I wonder if the real net benefit in dollars that will be received from the foreign carriers justifies, you know, the tax being considered.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: I appreciate the point made, I will look into it -- I mean immediately.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. CHERNIACK: May I say that I think that if we reach 4 (6) that we should leave that portion until I have had an opportunity to discuss the implications mentioned by the Honourable Leader of the Opposition but I would think that we could actually deal with the items up to 4 (6) but I do think we should - well we only have 15 minutes, it'll give me an opportunity to deal with that and respond. But I don't think that we need - I think we can deal with Sections 3 (14) and (15) but I do undertake of course to come back and, if necessary, to ask Committee to come back to any items that we've dealt with.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I do take it that this applies only to the larger airlines that it will not apply to such people as the flying farmers, that they could be involved in any way.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, in reply to the Member for Rhineland, I would say that farmers are now paying the tax. This does not affect them because they're already paying the tax.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I understand that we've quietly gotten into a clause here in advance but since the Minister is going to get some answers on this prior to the time we reach that point in the bill, there's one other matter that concerns me and I would ask if he would consider this. What about the overflights now from Vancouver to Toronto non-stop? Is there a tax that applies there and international overflights as well, non-stop from . . . west to San Francisco, and so on.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I would say it does apply but I don't think we can

(MR. CHERNIACK cont'd) collect it on that very point. Of course I do say that I would look into it and I think it might be more meaningful if we do it when I have had an opportunity to look into it. Of course I want to clarify again that we are referring only to Manitoba mileage regardless of where the carrier is based, or where the aircraft is purchased or repaired. But that's not an answer to the point raised by the Leader of the Opposition. I said I intended to deal with that.

MR. CHAIRMAN: The Honourable Member for Churchill.

MR. BEARD: Mr. Chairman, I've been listening to the Minister, particularly on the aircraft, smaller charter aircraft, and I would wonder in respect to those that charter out of the province, and there are some that accept charters for work for long periods of time perhaps six months or a year and on a basis maybe flying either Yukon or Northwest Territories or B.C., or wherever it may be. In that time that they are up there they could use most of the time of the engines and require quite a bit of work on the motors and such on. Now if they had, would there be a difference between having the work done on the motors in another province and back in the province or because the charter work itself was done outside of the province, was there a difference.

MR. CHERNIACK: No it only applies, it only applies to miles flown in Manitoba regardless of where the repairs are made.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well, Mr. Chairman, I think again to the Minister because he's going to be obtaining information. If it's going to apply to the overfly it will then apply to the overfly of charter flights as well, I assume, charter flights in Canada by charter carriers, Wardair as an example, and others who will fly over. I assume that that will also have its application, and I would assume as well that as far as the international carriers, your means of collecting it will be the fact that they do occasionally refuel or temporarily stop here, and you're forced with a situation if in fact they have not paid their tax, if they do in fact stop here you're going to have to try and collect it as a penalty at the time.

MR. CHERNIACK: Well, Mr. Chairman, on that particular point I would say that I'm sure that there is a method by way of regulation to deal with the problem because I do feel that the problem just raised by the Honourable Leader is a very minor problem related to the overall question he's raised and that I want to look into.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well again I gather the attempt will be to try and get - at least to gain information on 314 and 315 because we've more or less talked about them at the same time. I'm assuming that you do not have any basis as to predict what 315 will realize as far as income is concerned. That is the lease end of it. You've given us some idea in terms of the purchase, of the aircraft mileage and repair parts. Do you have any projections of what leasing of aircraft will mean in terms of revenue?

MR. CHERNIACK: Mr. Chairman, the information of course is not readily available to us. It is one of those taxes that not having been charged in the past we can't arrive at an estimate, but I would say the estimates that I was given must include leasing and/or purchasing. I don't see that there would be any distinction in the minds of the people who are doing the calculation but I - when I say calculation I must say estimated.

MR. SPIVAK: Well let me just take a jet - I don't know how much a jet costs but I would assume it costs something around five million. I may be wrong. I may be low; I may be high but my impression . . .

MR. CHAIRMAN: Order please. The Honourable Leader of the Opposition.

MR. SPIVAK: Let's assume it's five million. Normal leasing arrangement would be, commercially could be anywhere from 14 to 18 to 20 percent. I would think. Well I would think that leasing . . .

MR. CHAIRMAN: Order please. The Chair is having difficulty and the Minister is having difficulty hearing what the Honourable Leader of the Opposition is saying. Would those members please keep their conversation down. The Honourable Leader of the Opposition.

MR. SPIVAK: Well, normal leasing costs would have a factor that would build in in terms of the capital cost of the item of anything from 14 to 18 to 20 percent depending on the item. --(Interjection)-- No not interest, on the leasing charges, the normal leasing charges would be a factor --(Interjection)-- all right, normal leasing charges would be anywhere of a factor effectively between 14 to 20 percent, depending on the time itself - that's commercial leasing

(MR. SPIVAK cont'd) of capital costs equipment that has both the depreciation value and has a factor built into it of both, not only obsolescence but of danger because of the capital item. If you apply that and take the extreme of 20 percent - now I would suggest that is extreme although I do not know that - that would be a million dollars of leasing costs a year, which would mean that we're talking about a \$50,000 factor on that one item. Now I think from our point of view, I think one of the problems that we've faced with this particular item in understanding it is the fact that our basic belief is that this will be passed on, that this is not considered, and cannot be considered as a kind of capital cost as sort of a one-cost item because it will not be, it'll be a recurring item that can occur and accumulate in dollars substantially more than five percent of the capital costs of the equipment. Effectively depending on the nature of the contract, the length the term, it's possible to have an effective rate of eight or ten or twelve percent realistically and therefore any business enterprise that's put into this position is obviously going to pass that cost on. It's not something that is that small to be absorbed by them. When the Minister referred to the mileage charges with respect to Air Canada considering the total mileage that they travel in Canada, then the argument could be advanced that Manitoba is a small portion of it, and I'm not sure of the percentage but a small portion. But for those carriers that are travelling extensively or those carriers who are home based in Manitoba and who lease equipment, the actual continually yearly leasing charge which will be taxed, I think is significant enough to be reflected in increased cost to them which will ultimately be passed on to the consumer. And I wonder whether the government has any idea - I would hate to see and I point this out, you know, a situation where a rise is asked from the Canadian Transport Board for increase in fare rates to the north because of this tax now, and I don't think the Minister wants to see this, but I wonder realistically whether they consider that possibility.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, if the question of leasing is really one where the carrier will decide what is economically right for the carrier. There isn't really much difference between leasing and purchasing except from the standpoint of investment and there is where you're involved in the cost of money whether you borrow the money and buy, or whether you enter into a lease arrangement and are therefore paying the interest, the value of the money in the hands of the lessor, and therefore I think the cost is the same either way. In my experience the reason for leasing is often unrelated to the ability to raise the capital, is more related to the opportunity to write off as a charge against income items which would otherwise be depreciated over a longer period of time. And that is often used as a tax avoidance method, but either way if you purchase an aircraft you've got an investment in the capital that is needed to purchase the aircraft you have interest charges against that amount of money that you've borrowed or raised in some way. The same way it applies to the lease insofar as depreciation is concerned obsolescence whatever, that too has the same relationship whether it's rented or whether it's purchased. And the only differential may be the extra profit that is attributed to the lessor that would otherwise be kept by the lessee but then that is a judgmental decision which is made by the carrier which decides either to lease or to purchase and I really don't think there is that much of a difference. Now I also don't believe that this kind of a cost, not being a constant cost - of course in the case of a lease it would be, but still it would be related to whether a person or a firm decides to purchase or to lease that that would be justification for an increase in rates because I think it's a very small part of the total cost and I wouldn't like to see an application for an increase in rates under any circumstances but if they are made then they have to be supported and justified, and I presume at the time the arguments made by the lessee or the purchaser will be those which they can prove and justify in the minds of the people making the decisions as to the rates.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I must confess I have to look at these sections again in the light of the information which I now have about the application of these rates to flying over and above the Province of Manitoba. I had assumed that we were talking about aircraft that were purchased by people normally resident or based in Manitoba, and that we were talking about aircraft leased by carriers normally based or registered in Manitoba. If we are not talking about a specific area of that type, then I am concerned at once about the isolation of the application here and the many possibilities that now come to mind about the routing of aircraft in respect to international flights and Trans Canada flights and particularly those origination in Ontario, of which there are a great many, and terminating in Vancouver. The routes

(MR. MCGILL cont'd) as they now are laid down would normally pass over Manitoba.

I'm not so sure that a re-examination won't occur here for these reasons, and you mentioned, Sir, that it was difficult to consider the collecting of overfly rates from international carriers because of the problems which arise as to just exactly where the carrier did pass over the boundaries of Manitoba, if in fact he did at all. So it becomes almost an equally difficult exercise I would think to impose a tax for the use of the air space about Manitoba, particularly since many of the air routes are passing near the southern border of Manitoba, and I wonder if the Minister and his department has investigated this possibility to consider whether or not the total effect of this is going to be worth the revenue that will accrue, and is there any statement or any calculation of the amount of revenue that will accrue from overflies of the Manitoba air space?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: No, I don't believe there are, Mr. Chairman. I would say that again we have to look at the proportion that we're dealing with and I cannot conceive that a plane which flies over Manitoba would be diverted say over North Dakota and Minnesota in order to save this kind of tax because indeed I'm sure, and I think the Honourable Member from Brandon West probably knows more than I do, the cost of that kind of diversion of a flight. May I say again we are talking about all aircraft no matter where they are purchased and the extent to which they fly over Manitoba. So again if I can use the comparison Transair which is located here, which may fly from Winnipeg to Toronto would only pay on the basis of the mileage from say Winnipeg to the Ontario border, not beyond. The same way with Air Canada flying across, would only pay for that mileage proportion that it overflies Manitoba.

So that I don't see that it's a really meaningful detriment to the carriers at all because we are again talking only of the percentage of miles flown in Manitoba as compared with total mileage related to the one-time cost of a five percent tax on the acquisition of the capital equipment which is a depreciable item, and item deductible from income for tax purposes and which I don't see will have any real effect on that decision-making process. I will hope to deal this evening with the other items raised.

MR. CHAIRMAN: The hour being 5:30 I am leaving the Chair to return at 8:00 p.m. this evening.