



Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



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THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Friday, April 28, 1972

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Before we proceed, I'd like to draw the attention of the honourable members to the gallery on my right where we have 69 students of Grades 9 to 12 standing from the Horizon Group, Moorehead, Minnesota. These students are under the direction of Messrs. Tweten, Collins, Larun, Foster, Stadum, Johnson, Magnusson, Geisler and Beaton. -- On my left, I beg your pardon.

We also have 19 students of Grade 11 standing of the Swan River School. These students are under the direction of Miss Myszczyzyn. -- I'm very sorry I can't pronounce the name but I'll -- The school is located in the constituency of the Honourable Member for Swan River. On behalf of all the Members of the Assembly I bid you welcome.

COMMITTEE OF THE WHOLE - Cont'd

MR. CHAIRMAN: Clause 4 subsection (3) (16) -- the Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, no tears. You have no tears either for the people of Manitoba. Mr. Chairman, we are dealing with the lease of production machinery and in dealing with this particular item we are also dealing with the question of a production tax and the new tax that is imposed by the government. Now in the . . .

MR. CHERNIACK: Mr. Chairman, on a point of order. Mr. Chairman, may I point out again that Clause 6 is the clause which repeals the exemption on all production machinery -- I'm sorry, I'm sorry -- Clause 12 repeals the exemption on production equipment. I say again, Mr. Chairman, that it seems to me that we ought to have one debate in a concerted way. The section before us deals with the effective date on rental equipment. But the principle of the removal of the exemption is indeed Section 12. Now I just want to know whether it is the intention of members of the Opposition, whose Leader was about to speak when I interrupted, to speak again on the same matter under Section 12, because if he does surely he would not want to be talking about two items -- I mean about the same item on two sections.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, with respect to Clause 12 as it relates to property purchased or production machinery purchased, I would leave that. We are now talking only -- again, the Minister of Finance, what section are you referring to of the present Act?

MR. CHERNIACK: Section 12 is the section which repeals subsection (3) of Section 4. Section 4 subsection (3) of the original Act is the exemption for production equipment whether it's rental or sale or whatever.

MR. SPIVAK: Well, Mr. Chairman, I think probably this is an appropriate time to deal with the debate itself rather than 12. I think this would be the appropriate time because we are in fact concerned now with the production tax that is being imposed, and if approve this . . .

MR. CHERNIACK: On a point of order. On a point of order, Mr. Chairman. Possibly we could pass Section 12 and then come back to this section.

MR. SPIVAK: Just on a point of order, Mr. Chairman. We are at the point of the bill where the commencement of the Act is supposedly to be passed by this body. We're not prepared to agree to that until we present the argument that there should not be this section in the first place. Now surely if we can't deal with this at this time then we are prevented from being able to deal effectively with the Act itself.

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

MR. CHAIRMAN: Point of order?

MR. CHERNIACK: Yes. Of course under second reading debate we debated the principle. We are now dealing with section by section. I know that Section 12 deals with removal of the exemption, but it may well be that the Honourable Leader of the Opposition would want to discuss the generality and may I suggest -- and I only do that in the interests of time and I would guess that all honourable members would like to have a concerted approach to this and one which is not split up -- that possibly this general point that the honourable member wishes to

(MR. CHERNIACK cont'd) make should be made, if it is to be made in Committee of the Whole in the very last motion which says, "Bill be approved" and it seems to me there would be the item. But surely honourable members would agree that if production machinery taxation is to be taxed now and no longer exempt, that the mechanics of how it works - and we're still in that mechanical stage of dealing with the straddle provisions - they would want them in. Once it is decided that there shall be a tax on production machinery, there must be some method by which it is introduced and at this stage I'm not asking honourable members to do anything other than try to deal with the subject matter at one time in one way.

I again suggest that if there is to be a production tax then I don't think honourable members would disagree with the provisions whereby it is brought in and the debate then it seems to me ought to be confined to each section as to the mechanics and then by all means there should be opportunity for debate on the principle, which I think the Leader of the Opposition wants to conduct and which I don't want to deny him.

MR. JORGENSEN: Mr. Chairman . . .

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman, I appreciate the anguish through which the Minister of Finance is going through, but surely, Sir, you are not going to accept his comment that one motion at the end of the bill should do this or do that, because so far as I'm concerned there are certain factors in this bill that I would like to have something to say about and ask for his opinion in some directions. I hope, Sir, that I will not be denied that privilege.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, on the point of order. The Minister of Finance indicated that we had a discussion on the principle of this bill. Well, Sir, it's awfully difficult to establish a principle that has already been established in an original Act. What this bill before us purports to do is to amend certain provisions of the original Act and it's, the Minister must understand, extremely difficult to argue a principle that has already been established by virtue of a previous Act. And the Minister said during his closing remarks on the debate that he would find no disagreement with that principle of amendment. We indicated our disagreement with that principle by voting against it in the first place.

Now we have before us certain provisions, certain clauses that purport to amend The Revenue Tax Act. We suggest, Sir, that some of those provisions we disagree with and we're attempting to put forth arguments indicating the reasons why we disagree with it. We feel that there are discriminatory features contained within these provisions and surely it is extremely difficult to place that argument before the House unless we are given an opportunity to do so. And the question of whether or not the particular date to which they're going to be applicable is a valid point of order at this stage. It seems to me a little bit presumptuous because before we can determine that we must determine whether the provisions contained within the clause in the first place are ones that we're prepared to accept and what we're attempting to do is to indicate that we're opposed to those principles and we're outlining the reasons why.

MR. CHAIRMAN: The Honourable Minister of Finance on the same point of order?

MR. CHERNIACK: Mr. Chairman, I do have a great deal of respect for the Honourable Member for Morris' experience in handling these matters and possibly he could elaborate to this extent. Section 12 I believe is the section that deals -- it is the important section which removes the exemption on production machinery and my belief is that Section 12 is the place where one discusses the principle about whether or not it's good or bad to tax production machinery. But the section we're now hung up on which is, may I draw to his attention, Section 3 subsection (16) relates only to the fact that assuming, now that assumption is not accepted, but assuming that production machinery is to be taxed, then all that Section 3 (16) purports to do is to fix the date from which rental of production machinery shall be taxed.

I really think, Mr. Chairman, and I'm really saying this and I don't think anybody can accuse me of trying to avoid a debate, I'm really saying that I think that the effective part of 3 (16) to be debated now is whether or not rental equipment, which has already been under lease, shall start to be taxed on a lease basis from May 1st, 1972. I think really that's all we should be discussing in relation to this section. That does not deny the fact that firstly we've already discussed the whole range and all aspects of taxation production machinery and still have left it open under Section 12 to really debate the essence of it. Now frankly I for one, and I'm not the House Leader, but I for one having conduct of this bill wouldn't mind if we had this kind of a discussion at any one stage assuming that that is the discussion. But I think it's wrong that

(MR. CHERNIACK cont'd) when we enter into the question of whether or not the taxation of rental machinery ought to be brought in on May 1st, whether in that case we debate the whole thing and then each time as we deal with another subsection debate the whole thing and then we get to Section 12 then by all means we would be debating the whole thing because it's right there.

All I'm asking is do not members of this Committee wish to have the debate once, and in accordance with the rules, rather than bending the rules and doing it by interpretation which we could all -- I mean we all have a facility of doing it -- to be able to debate the same question on every subsection. Is that really what the Committee of the Whole is designed to be doing?

MR. CHAIRMAN: The point of order is well taken. I think that I have stated this on numerous occasions to the Committee, you're on 3 (16) and for the purposes of discussion I think the Minister of Finance has been quite articulate, that the decision that is before the Committee is about the date the tax will come into force.

The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, dealing with 3 (16) and its wording, I wonder if the Minister is prepared to indicate to us what he means by a lease arrangement. Does a lease arrangement mean a lease arrangement which is recognized by the Federal Income Tax Department as being a purchase or as being a lease arrangement?

A MEMBER: You're a lawyer, you ought to know the difference.

A MEMBER: Obviously they're not . . .

MR. PAULLEY: No, I'm not but I'm more knowledgeable of law than . . .

MR. CHERNIACK: Mr. Chairman, I don't practice law now although I am licensed so to do . . .

MR. CHAIRMAN: Order. Order. You know, it just doesn't seem to be able to sink through to some members of this Committee that we are dealing with subsection 3 (16) of Clause 4 and what we are dealing with is the effective date. That is what the Committee is considering. I have allowed a certain amount of latitude, in fact perhaps maybe too much latitude, but I must insist that the Honourable Leader of the Opposition and any other member, that you stick to the section under discussion.

MR. SPIVAK: Mr. Chairman, for the purpose of argument I would like to read the section: "For the purpose of this section, where machinery, equipment or apparatus which in the opinion of the Minister, are to be used and are used by the purchaser thereof directly in the process of manufacture or production of tangible personal property for sale or directly in rendering a service is the subject of a lease arrangement." And I'm asking the Minister what he means by a lease arrangement. What does he intend to commence to tax as of May 1st, 1972? And if I may before the Minister answers, point out that there are two types of lease arrangement that are recognized by the Federal Income Tax Department. A lease arrangement which has at the end a nominal amount for a purchase by the person who made the arrangement, the lessee, is considered for capital cost purposes to have been an original purchase and the lease is not entitled to be written off on an annual basis. A lease which at the end has a value which would be related to what could be considered the real value at the time is allowed by the income tax department to be written off annually. Now is the Minister intending to commence to tax as of May 1st, 1972, both lease arrangements?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I think we should just read the language of the section and decide what it means. To me it means that any arrangement whereby a person puts a piece of equipment into the hands of another person for a remuneration, and assuming it is an arm's length transaction, that that kind of an arrangement is a leasing. I don't think we have to get involved with the income tax laws relating to manners in which you can charge certain costs either over an amortized basis or over a set term basis or as an outright purchase. Here we are dealing with either a purchase or an arrangement whereby there is payments from time to time made on the basis of a rental.

I think I made it clear that whatever the lease arrangement is -- and when I say lease arrangement I say it in the terms it is expressed here without capital letters which means it's not a defined legal term, it is an arrangement for leasing -- then the tax will be on the rent paid and if there is an option at the end I don't think we'd be concerned with that option until the option is exercised. If, however, it is an arrangement which is obviously in contravention

(MR. CHERNIACK cont'd) of the intent of the act we would try to assess it on the basis of a purchase. But that is something that would have to be adjudicated upon in the end.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, may I point out to the Minister the fact that there will be some very unfair situations arising as a result of that interpretation and I'd like to try and point that out to him. First there are a variety of different arrangements in this province and all one has to do is look to the capital expenditure forecast to realize that if the amount of money is to be realized by the Minister a great amount will be realized by the taxing of lease arrangements in this province.

Now, lease arrangements which in fact are considered by the Federal tax department to be a capital purchase would have been only allowed normal depreciation in a conventional way. They will be subject, as will other arrangements which realistically are a legitimate lease arrangement, will be taxed to the extent of five percent of the lease. But let's now talk in terms of projected interest rates and what the effective rate will be for the person who is going to be paying that lease. If a person has a clear purchase he pays an outright five percent tax. If there's a five year lease at ten percent -- I will possibly wait until the Minister --(Interjection)--No, but I think it would be important that he listen.

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

MR. SPIVAK: Well, as I pointed out, in a clear purchase there's a five percent tax. In a lease arrangement well five year with a ten percent operative interest rate, the overall effect of tax will be 8.06 percent. In a seven year lease at ten percent operative rate interest, it will be 9.75 percent. In a five year lease at 12 percent operative interest, and I would think that most conventional commercial leases range between 12 and 14 and 16 percent the overall effect will be 8.8 percent. In a seven year lease at 12 percent operative interest rate, it will be 11 percent. So in effect those arrangements arrived at between people who have in fact set up their affairs in such a way that they are essentially financing the capital cost purchase, because at the end there is a nominal amount to be paid, and they are basically purchasing but financing through the manner of a lease or leaving their option open, are going to have the effective position because of their financial position to be put in a situation where they effectively are going to be paying a higher rate of tax which must then of course, be paid by and passed on to the consumers, almost all of whom are in Manitoba, whereas the Corporation who have the capital are in a position to purchase outright, will pay the five percent amount directly. I think that there is something eminently unfair in this respect, because it does not take into consideration in terms of lease arrangement the very real requirement in Manitoba, and the real necessity for small businesses, the whole range of small businesses to in fact finance as best they can, and a lease arrangement with a nominal amount at the end has been considered one very good way of financing. The income tax department have not allowed them to be able to use that in an annual basis as a deduction but have forced them to say that that's a capital item which is, although even though it's a lease arrangement that has been arrived at it's considered an outright purchase and in effect, as a result of what will be happening, commencing on May 1st, 1972 with no distinct separation or definition of lease arrangement, is that many, many, many small businesses, the whole range of businesses, the range of businesses that's referred to in the Government Information Service of the Revenue Tax Branch that was passed to prospective taxpayers that they will be collecting money from, which will provide for hotels, restaurants, laundry, drycleaning and textile industry, repair shops, automotive and others, printers and film developers, road builders, manufacturers and processors, mining, petroleum and chemical industries, telecommunications industry - that's just the beginning.

When we talk in terms of restaurants, we are talking in terms of the service industry in this province who are servicing our people, so in effect based on a five percent tax to commence May 1st, 1972, to be applied annually, year by year, on a lease arrangement which really is a financing arrangement for all intents and purposes, which the federal government has recognized as a financing arrangement for capital cost purposes, depending on the nature of the interest that has to be charged, the effect of tax that they will be paying can range from anywhere from 8 to 11 to 12 or 14 percent.

Now I wonder if the Minister of Finance really thinks that that's fair for the smaller businessman and that's fair for the consumer in Manitoba who will be paying that because that will be directly passed on to him.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: One question to the Minister. Could the Minister furnish us with a statement that the Honourable Leader of the Official Opposition just referred to that had been mailed to other parties.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Yes I'll try to get the copy. I think the Honourable Member's referring to the various instructional material which was sent out to various vendors. I'll be glad to try to obtain it. I don't know how quickly but whenever I can, I'll have it distributed.

I refer the honourable member to the Revenue Tax Act passed in 1968, was it? Seven, I mean, 3 (3) "For the purposes of subsection (2) where the tangible personal property is the subject of a lease, the taxes payable on the rental payable from time to time for the use of the property leased, and shall be paid at the time each payment of the rental is due." Mr. Chairman, we are not in any way changing the principle as pointed out by the Member from Morris of the Revenue Tax Act which was passed in 1967. We are now dealing with similar situations and bringing production machinery into the picture where it was not in the picture before, but there were many rental arrangements of other items which were taxable, and it is continuing.

I still say that in the vast majority of cases, the rental arrangements as pointed out by the Leader of the Opposition have been for tax purposes more than for purposes of financing. There are various ways in which one can finance and I would suggest to you one of the most expensive ways in which to finance the acquisition of equipment is through a rental arrangement, and the reason it has proved to be useful to many is the reason that they were in a high tax bracket and could write it off, and really the income tax provisions that he is talking about were designed to see to it that people who were avoiding payment of income tax by a subterfuge where in fact they were buying rather than renting, were not allowed to get away with it under the Income Tax Act.

Now, Mr. Chairman, from our standpoint the principle of bringing in production machinery for taxation is the new part of the Act. The straddle provisions as I refer to them, the subsection we are dealing with now, is in accord with the Act which we are amending and which was passed in 1967, and possibly the Honourable Member should review with his colleagues of that date just what he had in mind when he was part of the group that proposed it.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, it's because production equipment is now being considered that I think it's necessary to do the review that the Honourable Minister suggests. I must say that the Honourable Minister, if he did not understand me, I understand, but - I accept that - but I think the point that I made, and the point that I would like to make, which rejects his position, is that in most arrangements in Manitoba the rental arrangement is for financing, it is not for the tax benefit that accrues. For that reason the Federal Government has said that if in fact you are basically financing, we will for capital cost purposes consider it to be a purchase and because it is a purchase, Mr. Chairman, they will only allow a depreciation rather than the write-off annually of the rental that is paid.

Now Mr. Chairman I think unless the government is going to be prepared to define clearly what a lease arrangement is, and I think that if it hadn't been defined before it never came into the same situation that we have today where production equipment is involved. I think that it has to be defined, because I think there has to be a clear distinction between those lease arrangements which are legitimately and honestly financing arrangements, and those lease arrangements which are arrangements that have been arrived at, which in fact allow an annual cost to be borne by the company who is leasing with either a right of option, or with no right of option, and the option at least is based on a value at the end of the period of the lease, which would be considered legitimate, or a manner in which it would be arrived at, which would be legitimate. Because in effect for many of the small businessmen, I reject the position that the Minister of Finance has said, many of the small business have gone to the lease arrangements to finance, because they could not afford the capital cost and particularly, in the service industry, which will be affected directly by the equipment that is to be now classified in the category of production machinery and whose aim and purpose and service is to the people of Manitoba who ultimately are going to have to pay it. As we have indicated before, Mr. Chairman, and it becomes very clear, unless you are going to make this kind of definition and separation, that in effect we are creating another burden to be borne by the small businessman

(MR. SPIVAK cont'd) who is under-capitalized, who has not access to the resources that major corporation has, who has not access to the financing in the other centres of Canada, and who are put into a position of essentially having to pay to the government, not five percent but a much higher margin because of their particular position. Although the members on the opposite side may not have considered that because at the time their concern was to bring in an umbrella way production machinery, the reality is, and all you have to do is look at your own statistics to understand it, that if \$12 million is to be realized that means it's from \$240 million of production machinery, either owned, or bought, or leased, and if you look at the capital intentions that are projected in the manufacturing sector, there's only \$95 million there projected for this year. So the reality is that what is being really proposed here, and with maybe no realization on the members on the opposite side, is the fact that as a result of being able to tax on the leases you are going to now capture a great deal of capital goods that have been in fact purchased over the years that are still operating by way of lease arrangement, and you are going to tax them and the net result is not an absorption by industry but the passing on in a hidden way directly to the consumers of Manitoba. The overall effect as we suggested before is what we suggest now, that the production tax and the leasing arrangements that are now being contemplated will have the total effect of a one percent increase in sales tax and the increase of the cost of goods to the people of Manitoba. And that in effect, and although you have given the illusion, and although you tend to give the illusion . . .

MR. CHAIRMAN: Order please. The Honourable Member . . . Order please.

MR. SPIVAK: All right, the Minister of Labour agrees all taxes are passed on to the consumer. The Minister of Finance when he presented his Budget Speech said, "No, you are going to be able to charge it off against the province to income tax, and it is a small infinitesimal amount, it's going to be absorbed by industry." That's a bunch of hogwash. The truth of the matter is that everybody, but everybody, everybody is going to be passing it on and, Mr. Speaker, the figures do not lie, if in fact \$12 million is projected we are talking five percent on \$240 million annually.

MR. CHAIRMAN: Order please.

MR. SPIVAK: I defy the government to show with respect to the capital intentions and repairs where \$240 million of production equipment will in fact be taxed. The truth of the matter is they can't show it from the records that are produced by DBS. What they have not said, and what's obvious from what the Minister is saying, is that what we are going to do as a result of this tax is commence to tax on an annual basis all the capital goods in Manitoba that are under lease arrangements now. Everything that's being used in terms of the service industry and the manufacturing industry and in the course of doing this, we are going to be able to get more money because we need the money. Now the truth of the matter is because of that, it's not an amount that is now going to be realized by the, you know, the capitalists that the Member from Thompson would like to refer to, or the big businessman, it is going to be absorbed by every small businessman in Manitoba, all the small businessmen in the rural towns of Manitoba, and they are going to pass it on and the cost of goods are going to go up. There is no point of the Minister suggesting well this is the way the arrangement was in the previous Act. The truth of the matter is that by now including production machinery you in effect have actually, and will be, by the passing of this Act be contributing to the increased costs of services and goods in this province.--(Interjection)--everywhere, everywhere, everywhere. Well I'm not sure where your entertainment is, but wherever your entertainment is it will cost you more money.

MR. JORGENSEN: . . . question of privilege. That intervention by the House Leader has got to be withdrawn.

A MEMBER: Personal insult.

MR. JORGENSEN: Sir, I am asking you to ask the House Leader to withdraw that remark. --(Interjections)-- Sir, the House Leader suggested that the reason the Leader of the Opposition is making his statement is because personally he is affected by operations in an establishment that he owns. That is precisely what he said. That is precisely what the House Leader said. That is contrary to the rules of this House and he should be asked to withdraw that. It's an innuendo, innuendo . . .

MR. CHAIRMAN: The Honourable First Minister. On the same point of order?

MR. SCHREYER: Yes, Mr. Chairman, relating directly to the point raised by the Member for Morris. I would hope that the Member for Morris would want to be consistent in his approach to, as to what constitutes a point of order in his mind, or a point of privilege, but the

(MR. SCHREYER cont'd) one that he finds so offensive now as having come from my colleague the Minister of Labour is precisely the same as came from the Member for Charleswood in connection with myself in this Chamber about two or three weeks ago when during the course of debate the Member for Charleswood on more occasions than one interrupted to make reference to Schreyer Construction, Schreyer Equipment Ltd. etc., and I want a retroactive withdrawal of that before I'll allow my colleague to even consider making a withdrawal of that.

MR. JORGENSON: I never heard anything so asinine in all my life as the suggestion that is now being made by the Premier. If he had any objections to the remark made by the Member for Charleswood, he should have asked him to withdraw at that time, which was the proper time for withdrawal, and I agree with him that it was an improper remark. Just as improper as the remark that is now made by the House Leader and I ask him to withdraw.

MR. CHAIRMAN: The House Leader on the same point of order?

MR. PAULLEY: Yes, Mr. Chairman if the Honourable Member from Morris thinks that I was imputing motives to the Honourable the Leader of the Opposition, that he was preaching for a call when he was referring to the input of this particular tax in relation to some presumed business - and I say presumed, because I do not know --(Interjection)-- The Hollow Mug. There's a helluva lot of hollow heads on that side . . .

MR. CHAIRMAN: Order please.

MR. PAULLEY: . . . but I was referring, Mr. Chairman, I was referring Mr. Chairman

A MEMBER: Withdraw. Withdraw.

MR. PAULLEY: Withdraw what? The tax. We will like hell.

MR. BILTON: I give the Leader of the House the privilege and the right, and he's been around here long enough that he knows what is required at this very moment. We don't need a long harass, or a long song and dance that is usual with him, but to do the thing that is right in order that we can get on with the business of the House, and if there is any tremor of thought that he could have given the wrong impression, he knows exactly what to do and why doesn't he do it, and do it now?

MR. CHAIRMAN: The House Leader.

MR. PAULLEY: Mr. Chairman, I will ignore the Honourable Member for Swan River. --(Interjection)-- I even ignore you my honourable friend because of your lack of knowledge-ability of the process of democracy; but the Honourable Member for Morris asked me to withdraw a reference to the Hollow Mug, because I said that it would apply to the Hollow Mug. Mr. Chairman I think that I am right, that it will apply to the Hollow Mug any passing on of taxation for lease equipment, production machinery, it will apply to the Hollow Mug; it will apply to the Shanghai; it will apply to any restaurant in the city of Transcona, and if my friend --(Interjections)-- if my friend --(Interjections)-- Will the rabble keep quiet until I'm finished. --(Interjection)-- will, if it applies to anyone it applies to all, and if it bothers my honourable friend from Morris that I used the expression the "Hollow Mug", if he is exorcised because in his opinion it was a reflection on the Leader of the Opposition, then I'm so sorry that he --(Interjection)-- Sit down you asses! I'm so sorry, --(Interjection) -- I'm so sorry, . . .

MR. CHAIRMAN: Order, please.

MR. BILTON: Mr. Chairman, on a point of order, I've been referred to as an ass and I insist that that remark be withdrawn as unparliamentary.

MR. PAULLEY: Mr. Chairman, I apologize to the ass.

MR. BILTON: Without qualification . . .

MR. PAULLEY: Oh without qualification, yes, Mr. Chairman.

MR. CHAIRMAN: Order, please, order, please, order please. ORDER! I am going to take the whole matter under review and I will make a decision when I have had an opportunity to check Hansard.

MR. JORGENSON: . . . implication of the House Leader was quite explicit. Notwithstanding his linguistic contortions of a moment ago. The implication was very clear. He suggested and said very clearly that the Leader of the Opposition was making the remarks he was making because he was personally affected by the operations of the Hollow Mug, which is a clear imputation that he had a personal, a personal stake in the course of the debate. I suggest to you, Sir, that that is unparliamentary, it is contrary to the rules of the House and he should be asked to withdraw. And I will insist that he be asked to withdraw, Sir.

MR. CHAIRMAN: The Honourable House Leader.

MR. PAULLEY: . . . to withdraw the reference to the Honourable the Leader of the Opposition as being a hollow mug. --(Interjection)--

MR. SPEAKER: Order!

MR. JORGENSON: No, Mr. Chairman, there must be a complete withdrawal of the imputation made by the House Leader. We cannot settle for less than that.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I rise on the point of order. You have indicated to the House just a few moments ago that you recognize that there is a problem involving the rules and procedures of this Chamber. You have indicated clearly that you are taking the matter under advisement in order to better make a ruling. And having indicated that, I suggest to you, Sir, that it is not only out of order, it is completely impertinent of the Member for Morris who suggests that your proposed procedure is in any way not in keeping with the normal long understood practices of parliamentary procedure. It is always in order, I submit, for the Chairman or the Speaker to indicate that he is taking a matter under advisement in order to give a ruling at some early later date. Having done that, the Member for Morris cannot possibly have any objection.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: Mr. Chairman, this House cannot proceed as long as that imputation remains. Therefore, if the matter is going to be taken under advisement then I suggest, and I shall so move, that the House adjourn until this matter is resolved.

MR. CHAIRMAN: Order, please. The motion is not debateable. I'm sorry. --(Interjection)-- Order.

MR. PAULLEY: . . . my honourable friend, the Member for Morris, moved a motion, a proper motion that the House do now adjourn. We are in Committee of the Whole House and . . . all my friends knowledgeability, but in order to bring peace, if I can bring peace, I started out this morning with an Interfaith breakfast. If my honourable friend, --(Interjection) -- shame? I'm ashamed that there weren't many more members there, but, Mr. Chairman, if it will satisfy my Honourable Member from Morris, my friend from Morris, that I withdraw any reference to the Hollow Mug in connection with the Honourable the Leader of the Opposition, I'm a reasonable individual, I withdraw that.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, . . .

MR. CHAIRMAN: Order please. We still have the motion which I think that the Honourable Member for Morris the Honourable Member for Morris, maybe it was a misunderstanding - that he cannot move that the House adjourn, but he can move the Committee rise.

MR. JORGENSON: Mr. Chairman, I suggested that the House, that the committee rise until the retraction was made. The retraction has been made, my motion now is withdrawn.

MR. CHAIRMAN: Is it agreeable to the House that the motion be withdrawn?

MR. PAULLEY: . . . because we're not sitting in the House and my honourable friend with all of his knowledgeability knows that it was an improper motion.

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

MR. BILTON: Surely, Sir, the fun and games have come to an end. Cannot we get on with the business of the House. If the Honourable Leader of the House who is supposed to set us all as an example would kindly keep his tongue between his cheeks, this House would get along much better. It's high time that he learned his lesson today and I hope he's learned his lesson for a good long time to come. And let's get on with the business of the Province of Manitoba.

MR. SCHREYER: Mr. Chairman, I rise on a point of order.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: My point of order is, Sir, that surely it cannot be in order for a member such as the Member for Swan River to get up in his place and pontificate as to the proper decorum of this House. It's a matter for the Chair to decide, not the Member for Swan River.

MR. CHAIRMAN: I think the point is well taken. Order, please. Order! Order! Gentlemen, I think that we have had sufficient discussion on the matter that has been before the House. We've had a retraction. We've had a withdrawal. I think we are here to carry on the business of this House. The people of Manitoba are expecting us to carry on that business

(MR. CHAIRMAN cont'd) and I suggest that we get on with the business of the House. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, during the psychedelic interlude that we had just a few moments ago, the Honourable House Leader made a very valid statement when he said we all will be paying. He said we all will be paying, and he made comparison to other - or made reference to other particular restaurant institutions in this community.

It's important to note, Mr. Speaker, the point that was being made prior to the period of conflict that we've had in the last few minutes. A company like International Nickel who are in the position of having capital resources will pay a five percent tax on its purchases or will be prepared for a five percent tax on its leasing arrangements, because it will be concerned about the tax write-off.

The kinds of restaurants, the motels, the smaller institutions in Manitoba who do not have the capital resources are going to be having a lease arrangement. Many of those lease arrangements were in fact completed many years ago. Under those lease arrangements which were essentially financing arrangements there will be provision at the end to purchase at a nominal amount. Now what is going to happen under this particular section is that they are going to be paying five percent on their lease arrangement. And if their lease arrangement was computed at current rates that are charged for industrial financing the overall effect to them, unlike the effect to INCO, will not be five percent but will be between eight and ten percent. And, Mr. Chairman, that eight or ten percent is going to be passed on to the consumers in Manitoba. This is not the fat calf that the members opposite like to talk about. These are the people in rural Manitoba, the people in northern Manitoba, the people all over Manitoba who are in business and who have had to finance through a lease arrangement and now are going to be paying tax on that lease arrangement annually, even though at the end they are going to be able to purchase the amount in a nominal way. And I cannot believe that the Minister in all fairness and equity and as one who continuously talks in terms of ability to pay can realistically believe that these people should be put in that position. But I come to the conclusion, Mr. Chairman, that the motivation for everything has been the money that would be realized from the elimination of the production machinery equipment as an exemption. And without thinking of the consequences of what they're doing or realistically talking or recognizing the actual developments that exist in Manitoba, the actual way in which industry and small businesses operated, you will put yourself in a position of an additional burden which will have the effect in terms of consumption in this province of the equivalent - and we said it before and I'll say it again - of a six percent sales tax in Manitoba as a result of what you're doing. There is no way that you can justify \$240 million by way of a tax of five percent on 240 on the basis of capital goods purchased. You are in fact bringing in and drawing in for your taxing purposes hundreds and thousands of leasing arrangements in this province we're essentially financing and the people of Manitoba are going to pay. And for the Member from Thompson, let me tell you that the major organizations who have access to monies, they're not going to pay; the people who are paying are the small man, those are the ones who are going to be passing it on and ultimately the consumers in Manitoba are paying and they are going to be paying because of you, because you're not prepared to recognize the reality of the way in which business is financed in this province.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Thank you, Mr. Chairman. Mr. Chairman, I just have more or less of a question and I haven't too many comments to make at this time but I do wish to have the Minister perhaps make it clear to the House just exactly what type of production machinery will be taxed. And the reason I'm asking the way I understand it the exemption for machinery and equipment which was used directly in the process of manufacture or production will from April 30th now be taxed. I believe that the tax will start on May 1st, 1972, for production machinery and parts, for rentals or lease of production machinery and as well there will be tax charges or taxes collected on maintenance repair installation of certain types of machinery.

It has come to my attention this afternoon that this will certainly affect the farm equipment and this is the question that I'm leading to and I'd like the Minister to explain. That this may increase the cost of certain farm machinery. I understand that farm machineries or the production equipment in respect to farm machineries and other farm production is not taxed in other provinces and I was told that it's not even taxed across the line. I believe in

(MR. PATRICK cont'd) Minnesota, North Dakota and South Dakota. I think that this is a very important point, Mr. Chairman, because this is a government that for the last many years have continued to debate and say that the cost of farm machinery is way too high and I think it would be almost a very unusual move on the part of this government at this stage to go ahead and tax production machinery which will be used in farm production and farm equipment dealers which will invariably affect and increase the cost of farm equipment. I would really want the Minister to explain because as I mentioned it came to my attention just recently from one of the large dealers in the province, a manufacturer of farm equipment, and they feel that if there is a tax on production machinery that this may increase the price of farm equipment. So I would hope that the Minister can explain to the House that this will not be the case and to give us the proper answer in this respect.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. SIDNEY GREEN, Q. C. (Inkster): Mr. Speaker, I just want to get up to deal somewhat with the remarks that were made by the Honourable the Leader of the Opposition.

The Honourable the Leader of the Opposition has discovered, rather belatedly I say, because I don't know how many times it's been repeated on this side of the House. I know that it was repeated every year during the years 1966/1969; I know that it's been repeated since, that taxation is a very difficult way of redistributing wealth, that no matter how one taxes that in the last analysis -- and if the honourable member wishes to see it shown to him chapter and verse that even an income tax, that when it is taxed on those who have the power to pass it on, becomes in the last analysis a complicated form of sales tax because it is eventually passed on to the consumer. And what the honourable member -- it has always been said, it has never been denied -- but what the honourable member has suddenly done is realized it. Because he has realized somehow that \$18 million, that \$18 million raised by means of production machinery tax - and that's not the amount that the Minister of Finance has spoken about - he's talking about twelve, but that \$18 million is equivalent to a one percent sales tax. You know I thought that he would have known that years ago but he now has found out, apparently because of the discussion on this side, not over there and I'll come to that in a moment, he has now found out that \$18 million equals one percent of sales tax. I don't know, there seems to be an echo on that side of the Chamber, Mr. Speaker, I don't know what it refers to. Maybe another person has suddenly got the realization. But the fact is that what the Honourable Leader of the Opposition is ignoring is two things: One is that the -- Mr. Chairman, I ask now your assistance in telling the Honourable Member for Birtle-Russell to please shut up.

MR. CHAIRMAN: Order, please.

MR. GREEN: Mr. Speaker, I ask you to call the honourable member to order.

MR. CHAIRMAN: Order, please.

MR. GREEN: That's right. You know if I was close enough it would be the old male's . . . but I just want the Speaker . . .

MR. SPEAKER: Order. Order, order please.

MR. GREEN: We are talking about a phenomenon in taxes which the honourable member the Leader of the Opposition has suddenly realized. And why I say suddenly is that up until now, Mr. Chairman, he and the Member for Sturgeon Creek and the Member for -- oh other members in the House, I can't place them at this moment -- other members of the House have been saying that this is a terrible tax on business, that businessmen are going to be hurt by it, that businessmen are going to leave the province by it. Now the Leader of the Opposition says that it won't cost business a cent because they are going to take that tax and pass it on to all consumers in the Province of Manitoba and be in the exact position as they were before.

Now, Mr. Speaker, you cannot have it both ways. You cannot both say that it's going to be a tax paid by all of the consumers in the Province of Manitoba -- which we have said all along. There has never been any attempt to deny it -- and then say that it's going to hurt the businessmen who's going to pay the tax. It can't be both. If it leaves people in the same position, if it is essentially a consumer's tax of one percent on all the people and will be paid for in that way then what you are saying is it won't affect the businessman. If it doesn't affect the consumer then it will affect the businessman, but it can't be both. The one fact that is being ignored is that the Minister of Finance says that as a result of this tax being paid in many cases by the business firms they will be able to write it off as an expense against their income tax. So instead of being a total charge against the consumer, which they would have

(MR. GREEN cont'd) to pass off if they had the power to do so by adding to their expenses, the amount of their expenses would not go up by the total of \$12 million, it'll go up by somewhat less than that figure. If they are in the 50 percent bracket, it'll go up by \$6 million; if they were all in the 50 percent bracket, if they are someplace within that bracket, it'll go up by a greater amount, but that the consumer will have that benefit in that part of the tax burden would be borne by the expense allowance that is given to the Federal Government by that consumer.

So lest anybody, or lest the Leader of the Opposition being mistaken into thinking that he has made a revelation and that somehow, somehow up until now it has not been noted in this House that taxation is frequently passed on by those people who have the competitive position and the power to pass it on, that if he thinks that that is a revelation let him not be misled. Because if he had been listening to what members on this side of the House, both in government and in opposition had been saying over the years he would have learnt it a long time ago. It really comes as quite a shock to me that he suddenly realizes at this moment that collecting \$18 million in taxation is equivalent to a one percent sales tax. That's a real revelation.

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MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Well, Mr. Chairman, I've been quite prepared to sit back and listen to the contributions made by members opposite but the remarks just made by the Honourable Member for Inkster do demonstrate again how marvellously astute he particularly is at travelling both ways down a one way street - a one way street by the way which adds up to more taxation. And how much time, Mr. Chairman, has he spent in this Chamber just recently convincing all of us that as a matter of fact there has been no increases in taxation in the last three years, and now, and now we all of a sudden arrived at the fact that he has to get up and refute what his colleague the Minister of Finance said when he introduced his Budget and when he said that with respect to any broader potential economic implications I should repeat that it is unlikely that there will be a perceptible impact with respect to the production machinery tax. From a standpoint of the business firms involved and the economy as a whole it is our expectation that there will be a negligible impact, so Mr. Speaker, on the one hand you have the Minister responsible, the Minister who is piloting in this tax ...

MR. SPEAKER: Order please. I will respectfully ask members that when another member is speaking they keep their remarks down.

MR. ENNS: Mr. Speaker, my remarks will be brief. I'm just trying to point out and it's always a pleasure if I can, on occasion to occasion, point out the inconsistencies of the Member of Inkster, because we do have a tendency to accord to him you know a degree of wisdom and all knowledge that really is unfairly put by those of us who make that accolade from time to time. In other words, Mr. Chairman, the Member for Inkster is quite prepared to accept the fact that we have now increased the Revenue Tax Act to, not one of five percent, but to six percent, which is clearly and definitely a tax rise, a general tax rise of one percent, and at the same time he expects us to be able to have the Minister of Finance, the Minister responsible for this bill, convince us through his Budget Speech, through his speeches here on this bill, that the impact is negligible and in fact will not involve a general tax rise.

Mr. Chairman, just because of the Minister's concern about our straying from the actual item in the clause of the bill that we are dealing with lessee arrangements. Lest my honourable friend from Thompson didn't clearly comprehend what my leader was saying just a few moments ago. Lest he doesn't fully understand this, let me repeat again that it is that small restaurant owner, the laundry mat, the laundry shop, the repair services, the auto mechanics services, the one-owner beauty shop, that is going to be paying ten or twelve percent sales tax and Inco is going to be paying five percent. Now that's what he suggests is equitable taxation. That's what he'll get up for and vote for in a little while. That's what he'll vote for in a little while. Then he gets up and berates us in a pontifical way about soaking it to the rich, and his concern in that direction.

Mr. Chairman, the inconsistencies that are coming through, the general inconsistencies of the whole government coming through, when they preach to us about their concern for equitable taxing arrangements is surely by now penetrating to all the weakness of their position. The tragedy of it, Mr. Chairman, is it indicates to us a lack of thinking out in any degree, to a degree that astounds us, the implications of the things they do. It now possibly becomes apparent to them why Section 12 exemption was in the original act, particularly why it was in the original act in Manitoba. I don't care what they do elsewhere because in B.C. and in Alberta, and Ontario, they've got other things going for them. But a thoughtful, a concerned, a sensitive government knew what they were doing when they put Section 12 into that Act, and we were faced with the same responsibilities of finding necessary revenues to operate the Province, but we were not prepared, Sir, we were not prepared to do that in a manner that would stifle, in a manner that would cripple, in a manner that would tax jobs, in a manner that would unfairly, unfairly the little entrepreneur, the small businessman who because of lack of financial support, lack of financial credit of his own hook very often had to enter into lease arrangements, which are being particularly discriminated against in this place of legislation.

MR. CHAIRMAN: The Honourable Minister of Finance. The Honourable Member from Inkster.

MR. GREEN: I thank the Honourable Minister of Finance for just letting me reply very briefly to the Honourable Member for Lakeside's remarks. The Honourable Member for Lakeside says that I have now admitted that there is a tax increase. The Honourable Member for Lakeside says we should think things through. The fact is that he is ignoring one half of

(MR. GREEN cont'd) the package, the more important part of the package; the fact is that roughly \$15 million, and again the figures might not be exact, are being transferred back into in a different form of tax relief this year in terms of the school tax rebates, that is the \$50, that \$34 million is being credited to the citizens of Manitoba next year, and that when you give back \$34 million and collect \$18 million, that is not a tax increase, Mr. Speaker. I ask the Honourable Member for Lakeside to remember that. He also says that this will have a terrible impact, the payment of this \$12 million which the Minister of Finance has quite properly said is not \$12 million and indicated it won't be an impact, it won't have that much of an impact. He says that that will have a tremendous impact on the people that he is talking about. Is he ignoring the fact that \$34 million will be put into the pockets of the people of the Province of Manitoba. And what are those \$34 million going to do? Does the Honourable Member for Lakeside think that they are going to stay in the pockets of the people of the Province of Manitoba? They are going to go to the grocer that he is talking about; they are going to go to the small businessman; they are going to go - if I may say it, if you will excuse me - to the Hollow Mug; they are going to go to the Liquor Commission. Mr. Speaker, they are going to go to all of those small businessmen that the Honourable Member for Lakeside is worried about, and they are going to spend \$34 million that they now have to pay in education tax. And part of that \$34 million, and I concede this, will go to making up for the increased prices that take place by virtue of \$12 million being added to the machinery tax. But I ask the Honourable Member for Lakeside to be reasonable. If you are taxing roughly 12 million as a general tax, and that's the only part of it that is really general, the Tobacco and the Liquor are not general taxes, but the production machinery tax to the extent that it is not, that some of the product will not be exported, and he didn't take that into consideration, that some of it will be paid by people who will continue to buy exports if those exports continue to be competitive, which I am sure they will be, that if they are going to have an increased onus of roughly, let's take 10 million as an example, and the people of Manitoba are going to have 34 million more to spend. I ask him as a businessman, is that a good deal for the businessmen in the Province of Manitoba? Because if he is going to ignore, if he is going to ignore the other side of the ledger, if he is going to say, \$12 million is being imposed in taxation and no credits have been given, that the people of Manitoba will not have more money to spend, then that's a different story. That's what happened under their administration. But in each case, in every single case where this administration has altered a tax it's been with an equivalent or better credit to the people of Manitoba in relief from other taxes, and that helps the economy of this province, it doesn't hurt the economy of this province.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, I am a fair and reasonable man, and I would have to first of all suggest to the Honourable Member for Inkster that it's not really for him to be asking me all those questions. I suggest to him in a few months we'll be on that side and he'll be on this side, and he can ask me all the questions that he wants.

First of all the \$34 million that has been referred to so fleetingly and so often is, of course, a mythical figure. We tried establishing that in the Budget Speech just how much money was in fact the \$28 million, how real that was, who was getting it, what seven percent of it was. The remarks that came from that side of the House was, well, if, in other words, if the relief is being there, and if it isn't to the full extent, what are you crying about? You know, in other words the 28 million or the \$34 million has never been established. It has been admitted as being ball park figures, so we are dealing with apples and oranges, right.

Secondly, grant you the impact of the tax now being imposed under this new measure is not going to be, you know, as massive as a five percent sales tax, or as a ten percent sales tax, it's a one percent sales tax. --(Interjection)-- . . . with a point, with a specific point that we're trying to bring and where the impact is great is in the discrimination within the application of the tax, the discrimination as it applies to those larger and richer, and bigger corporations who finance themselves. We are dealing specifically with the lease arrangements and we're coming back, then again how discriminatory can we be in this kind of taxation. And in that area, I'm sure the arguments made by this side, the arguments made by our leader, have had an impact on the Member for Inkster. He recognized that it is grossly unfair for a person who is maybe on a gross turnover of 50 or 60 thousand dollars a year, and paying three or four employees with that. He has to pay a rate of taxation of 10, 11 or 12 percent. Inco with unlimited financial resources pays at a rate of five percent. That surely is not equitable tax treatment in this Province.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, what section are we on?

MR. CHAIRMAN: For the information of the Honourable Minister we're on Clause 4, subsection 3 (16).

MR. CHERNIACK: Well, I think we were on that this morning. Mr. Chairman, it's been interesting, and we have heard the same debate time and again, and I just won't go into it, Mr. Chairman. I want to advise the Member for Assiniboia that the tax would now be --(Interjection)-- correct. The tax would now be imposed on the machinery which is used to produce other machinery, such as farm equipment. Farm equipment continues to be exempt and again I say in spite of the fact that the Honourable Member for Lakeside who read what sounded to me like very very good prose, and then I blushed modestly when I realized he was quoting me, the explanation that this is a minimal impact and I insist indeed that it is a minimal impact. Now, you know, I don't expect to have members opposite who are dedicated to rejecting proposals made by this government whose hours, both asleep and awake, when they can be recognized are devoted to tearing down the proposals we make should continue to reject what we say, so I won't repeat it. I made the statement.

I do not quite agree with the quick reaction that was gotten from this side that this imposition of this tax will mean the equivalent of one percent increase of sales tax to Manitoba residents and the Member for Inkster in elaborating on it, also did not agree with that statement, and explained the reasons that it was not so, and of course it is not so. There's no question that taxation is passed on by those who can pass it on to the extent that they can pass it on. And it is passed on in all areas where they can do it. Certainly it means that if it reduces, as in this case it will, income tax payable, it is passed on and charge to projected revenues of the Federal Government to the extent that it is sent out of the country by way of export, then people in other areas of the world will be participating, but not to any real extent, because -- I don't know whether I can start breaking this down into a sense of proportion, but remember we're talking about a five percent tax on the purchase price of equipment that may last from five to twenty, thirty years - I don't know how long - and this equipment will have that cost spread out.

Now I've heard a great deal about the cost of rental as compared with the cost of purchase when people make a decision they make it in the knowledge that there's certain things that are within their plans that they can plan ahead and foresee, and there are certain items they can't. Taxation is never an acceptable principle, nothing that one likes to live with, and yet has to always contemplate the possibility that there will be taxation of various kinds imposed in the future. And no one knows what it is going to be, no one can plan in that regard.

It's interesting that the Leader of the Opposition got to some figure of 8 point something percent which in no time at all transferred into the mouth of the Member for Lakeside became I think as high as twelve percent. And that shows the way you can balloon figures and exaggerate. I can only say this, and I think one of the members opposite pointed it out, that when you pay a tax on a purchase, you pay at the time of purchase. When you pay a tax on a rental then you don't pay the full tax at the time of making the deal, you pay it on a monthly basis and to some extent you are spreading out your costs, and if you are delaying payment of the tax of the original cost of the item, you are of course to that extent even financing the tax yourself by a postponed payment. I don't know if I was a little too sophisticated or abbreviated in what I said, but I believe that it's true, and if anybody wants to develop it, I'd rather they do over coffee somewhere else because I cannot believe that it is that vital and that real.

One of the problems for the Member for Lakeside is that he usually starts out in a reasonable calm manner and then works himself up to the extent where everything becomes the same high level of excitement and thrust and the result is he loses in those cases where he could be much more effective if he could only convince himself to restrain himself on occasion and not become all wound up and bound up with his own rhetoric. So I don't accept the statement that it's equivalent to one percent increase in sales tax. I of course recognize that a part of the tax will be passed on - firms cannot pass on items to this extent. And when the Honourable Member for Lakeside described to us what must have gone on in Cabinet and in caucus back in 1967, he would have us believe - and I tell him in advance I won't believe it - that they actually sat around and they said we must consider that small grocer and that small restaurateur who is leasing equipment and who is paying interest on the value of the leased equipment and therefore out of consideration for him we will not do it. Out of consideration for the fact that he will

(MR. CHERNIACK cont'd) pass on the tax to his customers, the people who come and eat in the restaurant. He knows very well that it is a small part of his total cost when he sells food at the restaurant. The cost of the five percent tax on the stove or the refrigerator which he purchases is a very very small part of the cost of the product he sells, the meals that he sells. Especially the grocer, who doesn't even tax for the product he sells, is surely not a person who was involved in all this detailed soul-searching debate that must have gone on according to him at caucus and Cabinet. But they were --(Interjection)-- Yes. They were worried about the economic climate in Manitoba, they were worried about the people with whom they were doing business in an effort to bring them in. The whole Department of Industry and Commerce was geared to talk about, bring in industry; never mind the cost, bring them in and this is one of the costs that were set aside. And said well now this may be, may be a deterrent, let's not make any deterrent.

But the same Act and the same government brought in all the legislation for revenue tax which involved people and direct tax on people's use of their clothing, and you know I accept that, we are still taxing that. The fact that we have now decided to eliminate toothpaste I'm sure that that was debated in caucus too and they said let's tax toothpaste. Obviously they did because they are taxing it and whatever else it was to them and remains a more direct and important relationship between government and industry and growth for growth's sake than it does in relation to the impact on the people of Manitoba. And I say there is a difference; I accept the difference. I just am happy that we have a majority on this side of the House that we can do something meaningful and I won't repeat what was said by the Honourable Member for Inkster that what we are doing I think is really meaningful and at the same time is not a real and important and in any way deterring effect to industry in Manitoba.

Having said that, Mr. Chairman - I'm still supposed to be talking about lease and you didn't even call me to order, and of all people you should really have called me to order because I've been the one who's been pleading. So, Mr. Chairman, I will do my best to stick to the point before us. Can we pass this section?

MR. CHAIRMAN: 3 (16) -- passed -- The Honourable Member for Rhineland.

MR. FROESE: After hearing all the debate this afternoon and this morning I feel that we're missing on one thing and that is the regulations that will be changed and be produced under this legislation. I recall too well the discussions when the original Act was passed how the opposition, which is now the government, clamored for the regulations, that they should be produced, and for days they insisted that the regulations be brought in and I feel if ever there is a need for regulations I think we need them now, because look at some of the changes that will take place.

Farm machinery is exempt but because of the repeal of certain sections some of the farm machinery that is presently being used is questionable whether it will be exempt. Let us take a baler. When it's going to be used for baling hay it's entitled to be exempt but if you bale flax straw which will go into another product it's a different story. Will the government recognize balers under all conditions as tax exempt under the regulations? The same for garden tractors. You can produce food with a garden tractor and use it for that purpose but . . .

MR. CHERNIACK: I'm sorry. On a point of order. We are dealing with subsection (16) of Section 3 of Section 4.

MR. FROESE: Yes, and this particular machinery can be leased as well. It needn't be purchased outright, Mr. Chairman, so that we are still considering leasing too under this section. I could go into many other items but at this time I don't want to prolong the debate unnecessarily but certainly I feel that we should have had the regulations with this as they so vehemently demanded them at the time that the original Act was passed.

MR. CHAIRMAN: Subsection 3 (16) . . .

MR. CHERNIACK: Mr. Chairman, to the extent that flax machinery has been leased, and I am informed that flax being an agricultural product the machinery used to produce flax is not taxable.

MR. CHAIRMAN: 3 (16) -- passed -- the Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, I have listened at great length about our taxes in regard to leasing machinery and dealing with this section. While, Mr. Chairman, I can understand your position, it's extremely difficult for you to rule as to whether one is out of order or not in discussing a matter when we're talking about taxes, and I want to say despite the fact that what my honourable members have to say opposite that we should be sticking to this

(MR. EINARSON cont'd) particular clause. We are concerned as to how it affects, and my leader did, I think, a very admirable job in the total picture of leasing production machinery, and as it may affect all of us in this province. I think this is something that we can't help but stress very very much.

As one who is in the agricultural field while we have our legislation and as the Honourable Member for Rhineland mentioned, he's concerned about the regulations that may apply here, too, on this particular clause of this bill, as to how it's going to affect the agricultural industry when he is going to tax the leasing of production machinery. Sure I know it may be an indirect matter but nevertheless I think, Mr. Chairman, it's extremely important and can the Minister stand up in this House and say, so that we have it on the record, that the taxing of production machinery that is being leased, no matter what form, will not affect the agricultural industry in one way or another? Can he give us that guarantee that this will not apply either through the legislation or the regulations? Mr. Chairman, I think we all know in this House that it's not the legislation, it's the regulations that apply thereto that are so very important. This is something that I hope that we will know and understand.

Mr. Chairman, you know the Member for Thompson rose earlier today - and I know while I may be straying just a little bit - but he talked about the --(Interjection)--

MR. CHERNIACK: . . . really, I insist. The member himself says he's going to be straying a little bit and I don't think -- I think really, really I think I have a right to appeal to members of the House to stop straying and stick to the business before us.

MR. CHAIRMAN: I think the point is well taken. I would caution the member that he's under 3 (16) - for his edification I'll read him Rule 64, Subsection 2 so that he will know that he must speak relevant to the item or clause under discussion. The Honourable Member for Rock Lake. --(Interjection)-- I have already decided the point of order. Is this a different point of order?

MR. BOROWSKI: I'd just simply like to bring it to your attention that there's been a great deal of straying by various members. I really believe it's unfair to restrict a member because he does stray occasionally because I think we've all strayed from the subject. I really think it's unfair in the middle of the stream to change horses.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, I want to thank the Honourable Member from Thompson for his intervention and his, I think attitude of a little more co-operation here.

MR. CHERNIACK: Mr. Chairman, on a point of order. The Honourable Member for Thompson has not persuaded me and I intend to stick to my request.

MR. CHAIRMAN: I can assure the Honourable Minister that he has not persuaded me. also. Rule 64, subsection 2 and confine yourself to those remarks please. The Honourable Member for Rock Lake.

MR. EINARSON: All right, Mr. Chairman, I'll get to the point. This government is bringing another kind of tax that is going to tax the production of leasing equipment that's going to have an effect on the people of this province in one form or another, and the many many forms of taxation they've brought in; this is another one and I'm opposed to it.

MR. CHAIRMAN: Subsection 3 (16) -- passed; subsection 3 (17) . . . The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Chairman, we haven't passed that section. I'd just like to make a few comments only because the Member for Lakeside made some uncomplimentary remarks about my supporting this section here in this bill. I must frankly say that since Autopac we have never seen such pigheaded, blind opposition to a section in a bill that's dealing with exemptions.

MR. ENNS: On a point of order, Mr. Chairman.

MR. CHAIRMAN: Point of order.

MR. ENNS: Well, Mr. Chairman, I too would like now to come to the assistance of the Minister of Finance and insist, and insist that we deal with the clause before us, as is the order of the day.

MR. CHAIRMAN: I think that point is well taken. The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Chairman, I certainly agree with you and all I want to say is there is one Chairman and for that gentleman from Lakeside to lecture me is like for a ciminal to lecture a judge on honesty. We know, Mr. Chairman, that the opposition is . . .

MR. CHAIRMAN: Order, please. It is very difficult for the Chair, and I've had a very

(MR. CHAIRMAN cont'd) difficult day, and I might say to the honourable members that my patience which is generally quite good is becoming severely tried. We are three minutes from Committee rising. I would suggest to the honourable members that --(Interjection)-- Oh, pardon me, 33 minutes. I was looking ahead. I would suggest to the honourable members that they confine their remarks to 3 (16) of Clause 4. The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Chairman, we expect as I indicated earlier for them to oppose this section on lease of production machinery because it's obviously a barefaced philibuster, no question about that, but what I find objectionable is their shameless brown-nosing to the establishment which is going to be affected by this tax.

If I was accused, Mr. Chairman, I was accused in this Chamber by the Member for Lakeside that this section here is going to affect the north which I represent and that I was somehow not concerned about the people living in the north. But, Mr. Chairman, I would like to point out to you that it's those miserable wretches that passed legislation a few years ago that put a five percent tax on heating fuels and that, Mr. Chairman, that, Mr. Chairman, is the equivalent of taxing blood plasma to a dying person because heating . . .

MR. CHAIRMAN: Order, please. I would suggest that the Honourable Member for Thompson that he confine his remarks to 3 (16).

MR. BOROWSKI: Mr. Chairman, I am doing that but I have to point out some of the inconsistencies in the Opposition's position. They are saying that this section is going to adversely affect the business in the north and, Mr. Chairman, the fact of the matter is that anybody that this section applies to can write it off on income tax. Now there are some businessmen there. There's a banker there that certainly knows that this is true.

I'd like the House and you, Mr. Chairman, to consider the difference in the legislation that was passed in 68 and when they brought in the sales tax which affected --(Interjection)-- when was it? --(Interjection)-- 67 - well whenever it was - and this tax was put on on everything; virtually everything except the Bible. And as a matter of fact I think they put it on that and then they withdrew it. That is that outfit that is now saying that this tax on production machinery is going to ruin the north. The working man, Mr. Chairman, will not be affected by this tax, but the working man, Mr. Chairman, was affected by the sales tax; and the working man, Mr. Chairman, could not write off his clothes -- if he's a mechanic, he's got to buy tools. He cannot write that off against his income tax as a businessman can under Section 3 (16); and the businessman can write-off even the sales tax or the production tax, the working man cannot. We have a section in this bill now that's going to exempt the sales tax from certain safety equipment like hard hats, safety boots, and a few other items. But even so, Mr. Chairman, that working man, and they're 90 percent of population in this province, that working man cannot write it off against his income as the businessman can Section 3 (16). Whatever the tax is in this bill a businessman, every businessman, can write it off and if he's incorporated he can get up to 50 percent and this is something -- I want that on the record, Mr. Chairman, to indicate the moral poverty of the members of the Opposition.

MR. CHAIRMAN: 3 (16) -- The Honourable Member for Charleswood.

MR. MOUG: Mr. Chairman, I just have one or two words I want to say in regard to this section. I stand up at the risk of being belittled by the Minister of Finance, as has been everybody that's stood up so far, and I think that probably what prolongs debate with the Minister of Finance he stands up with that self-righteous attitude, holier-than-thou, and just beating everybody down. I don't think anybody intends to take that from any Minister in this House as long as we're here to represent people. I know I don't intend to take it. I intend to stand up and say what I have to say in regards to leased production machinery. I'm surprised to see with the last speaker, he must be being trained for the next Finance Minister because certainly he was so opposed to sales tax, period, when it came in here that he camped on the steps out here. And now he wants Courchene to not ride airplanes, he wants him to go dog sleigh and sleep in tents - and he doesn't sleep in tents anymore. Once he became a Cabinet Minister of this House he graduated, he came out of the tent, but he wants Courchene to stay in it and this is what I can't understand. --(Interjection)-- In regards to -- stand up Al if you've got anything to say. In regards to . . .

MR. CHAIRMAN: . . . honourable member speak into the microphone because I'm not quite hearing what he is saying.

MR. MOUG: In regards to leasing production machinery and equipment, I think that the

(MR. MOUG cont'd) government has something on their hands right now that they've got to give consideration to because the equipment that they own and production equipment in Columbia Forest Products, it's used, and I don't think it states whether used equipment . . .

MR. CHERNIACK: Mr. Chairman, not only did we discuss Columbia Forest Products and all the ramifications of government ownership but surely there's no leased equipment involved there.

MR. CHAIRMAN: . . . Charleswood that I have already cautioned a previous member of this House that we're not dealing with Columbia Forest Products. I would ask him to please come back to 3 (16).

MR. MOUG: I bring up Columbia Forest Products, Mr. Chairman, because there's construction . . .

MR. CHAIRMAN: Order, please. I suggest to the honourable member that he speak to the clause under consideration 3 (16). The Honourable Member for Charleswood.

MR. MOUG: Mr. Chairman, I couldn't hear what you said but I wish to repeat . . .

MR. CHAIRMAN: I would suggest to the honourable member that he come back to clause 3 (16) which is under discussion.

MR. MOUG: I'm talking about lease of production machinery equipment. I make reference to one Columbia Forest Products that has production equipment within the bounds of that building and that premise, and I say to you that the government whether they own it, or whether it's owned by somebody else, it's pretty well accepted in this province the government if they're not the total owner, they own a great part of it, and if somebody comes in to lease that property today . . .

MR. CHAIRMAN: Order, please. I find that the member is becoming repetitious. We've had that argument already in this debate . . .

A MEMBER: I haven't heard it.

MR. CHAIRMAN: . . . on 3 (16). I would suggest to the honourable member that he confine his remarks to lease of production machinery. If he'd like I will read him out that pertinent section.

MR. MOUG: I'm talking on 4, 3 sub (16) and I'm saying, and I'll repeat again, I'm going to make reference to Columbia Forest Products.

MR. CHAIRMAN: Order. I'm warning the member that if he does, I am going to rule him out of order.

MR. MOUG: Well, Mr. Chairman, I ask you to just reconsider the fact that there's production machinery and equipment involved in that mill. And can I speak on it or can't I?

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

MR. CHAIRMAN: The Honourable Minister of Finance on a point of order.

MR. CHERNIACK: It is true that if the honourable member wants to develop the concept of what are the potential involvements in costs if you're going to sell or lease something, he can try and twist it in but I don't think he's been listening to the points I have been making. This section we're dealing with now has to do with the effective date of taxation of existing leases. If he wants to talk about future leases, there are other sections which will involve it. If I knew that he would stick to this section and deal with this here and not again - really I don't care when it's discussed but I'm just afraid that we're going to get it again and again and again, because specifically it doesn't belong in this section, it belongs elsewhere. But if he wants to debate it here I'm not going to object every time but surely he will agree that when the time comes he wants to talk again, I would have a right to object to it.

MR. CHAIRMAN: The Honourable Member for Charleswood.

MR. MOUG: Well, Mr. Chairman, I guess my short time in this House doesn't let me know the rules well enough to know when I should speak on a thing and when I shouldn't, but it seems to me that -- I realize that May 1st is involved in this 72, but I'm saying we don't know in this House the standing of the equipment in question, and I say now and I want to know it. The question is short and simple. I want to know if the treasurer of this province can explain to me what would happen in a situation of that particular premise being leased. What would the tax be on the production equipment involved?

MR. CHAIRMAN: . . . Section 3 . . . The Honourable Member for Charleswood.

MR. MOUG: Mr. Chairman, I say that if the Minister can't answer this I think then that the entire province is in a problem because there's so many people, I, for one, have equipment that's involved in a thing like this and if I can't get an answer to that, it leaves me going home

(MR. MOUG cont'd) unbeknown to myself, never mind my constituents.

MR. CHERNIACK: Mr. Speaker, if the honourable member has a problem I'd be glad to help him with it. If he now has equipment which he has leased to others, production equipment which he has leased to others, or if he has equipment which he is now leasing from others, then I would have to tell him that if his production equipment then currently being leased from one direction or in the other, then as of May 1st it would become taxable on the rental basis. Now that is a clear answer to the question he has asked related to this subsection. If he wants to talk about Columbia Forest Products, I'd be glad to answer it under the right section. I don't want to be drawn into being out of order again and again.

MR. CHAIRMAN: The Honourable Member for Charleswood.

MR. MOUG: Well apparently we're back to the same problem. I know I rose on about three occasions in the House, Mr. Chairman, where -- and several other people have rose in here -- and the Minister's answer always seems to be, I'm sorry I can't seem to make him comprehend and where it's a million and a half dollars missing, only a million and a half, he can't seem to make anybody comprehend in this House. So I say that probably it's this self righteous attitude of his that makes him the holier-than-thou guy that can't take time to make the less fortunate that aren't as fast to adapt themselves as he is, to give us time to pick it up but I'll let it go at that. --(Interjection)-- No, that's fine, you don't seem to want to answer anybody.

MR. CHERNIACK: I believe I answered the question. If he has a question related to this subsection and can state it in such a way that I, with my limited skill, can understand, I'll be glad to try and answer.

MR. CHAIRMAN: The Honourable Member for Charleswood.

MR. MOUG: It would be a waste of time, Mr. Chairman. Thanks.

MR. CHAIRMAN: 3 (16) -- passed; 3 (17) (a) -- passed; (b) -- passed; (c) -- passed; 3 (17) . . . --(Interjection)-- What section?

MR. MOUG: Yes, 3 (17). It's from the overall. I think that this section of the Act should be looked at because it leaves everything in the hands of the Minister, in the opinion of the Minister as far as tax return or not . . .

..... continued on next page

MR. CHAIRMAN: 3 (17) (a)--passed; 3 (18) (a)--passed; (b)--passed; (c)--passed; 3 (18)--passed; Section 4-- The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Chairman, with regards to section 4, we have a number of changes that are coming up in the following clause here but there is one notable exception here that should be introduced at this time.

Mr. Chairman, two years ago we had an extensive discussion in the legislature about the sales tax and at that time there was a resolution introduced to the House, a Private Members' Resolution, that would have changed Section 4 (1) (c) of the sales tax with respect to children's clothing. As it now reads, section 4 1 (c) of the Act reads "that notwithstanding" -- section 3 -- "no tax is payable under this Act in respect of the consumption of the following classes of tangible personal property," and subsection (c) is "children's clothes and children's footwear as defined in the regulations . . .

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: The section we're dealing with, I believe, deals with the imposition of taxes. Section 4 1 that the honourable member is talking about deals with the exemptions and we are about to come - the very next section deals with the removal of an exemption. Surely the honourable member would agree that we should pass section 4 and then he could get involved in the discussion he has.

MR. CRAIK: Mr. Speaker, I want to recommend a change here and it has to be fit in at this stage prior to the passing of the new 5 which you have in this Act and that's why I -- (Interjection) -- No, it's actually - it should be a Section 4 but it deals with an item in advance of clause (p) of subsection 1 of section 4. Therefore I bring it up at this point.

MR. CHERNIACK: Well that's my point, Mr. Chairman. I think you were about to pass section 4 which deals with section 3 of the original Act, and it seems to me -- I don't know whether the honourable member wanted to prevent the passing of that section and then speak under Section 5 or just before section 5 dealing with 4 (1), but I have the impression somehow from what he intends to -- what he indicated he intends to say, that he does not object to passing section 4 in the bill and then wishes to speak on the next point which deals with section 4 of the original Act. I'm just trying to get Section 3 passed because I don't think he's objecting to section -- I mean, I don't think he's -- (Interjection) -- He thinks it's passed. Well I didn't think so.

MR. CHAIRMAN: For the clarification, what I was calling for is Clause 4 of the present bill which deals itself with the original section 3, (13), (14), (15), (16), (17), and (18) are the new ones in here. I was just clearing off Clause 4. Clause 4-- passed. Clause 5 of the bill.

MR. CRAIK: Well, Mr. Chairman, after a waste of a few minutes, I still don't --we've now gotten down to the point where we can discuss the matter at issue here. There are certain exemptions provided here for certain things, used clothing, footwear, furniture, etc., and what I rise to ask is why consideration has not been given in these provisions for children's clothing. The resolution that was brought into the legislature two years ago was passed, I believe, unanimously. It was a resolution that like all other Private Members' resolutions read that the government would consider the advisability of removing children's clothing as it now is written in the regulations and making children's clothing tax free on a proof of age basis rather than on a size basis. Now this is really an addition to the provisions that is in here and since the government at that time agreed in the Private Members' Resolution, which I introduced two years ago, I would think that they might be inclined to now bring it into effect since the Act is opened up and we are now making some other arbitrary changes to it, mainly with respect to footwear and used clothing, and so on, that the changes which have not been rationalized fully nor debated to the extent of children's clothing which has been debated fully in this House and which the government agreed to as a matter of principle in effect by proving the advisability of looking at it. So I would then like to recommend, Mr. Chairman, that this Act be amended and I'll read to you the amendment and not having a message from His Honour, I might if there is a technicality in that respect, I would ask the Minister to give consideration to whether he might not wish to amend it, and it would read that Bill No. 21 be amended by adding thereto immediately after Section 4 thereof the following section:"4 (1) Clause (c) of subsection 1 of section 4 of the Act be amended by striking out the words "as defined in the regulations therein" and substituting therefore the words "purchased on a proof of age basis for or by children under 16 years of age."

MR. CHERNIACK: On a point of order. As has been read by the honourable member,

(MR. CHERNIACK Cont'd) . . . I believe it's out of order for him to make this motion.

MR. CRAIK: Well, Mr. Chairman, I expected that had the resolution come into the House without having been discussed before, it certainly would be out of order so my second alternative then applies, since this has been fully debated and agreed to by the government at an earlier date, can I supply the Minister with the resolution and have him present the resolution because he has access to gaining approval from His Honour to do the same and that simply gets around the technicality that I don't present it, but he presents it. I assume, Mr. Chairman, this gets around all the difficulties that we had two years ago when we debated this resolution, and also gets around the difficulty of a member of the Opposition not being able to present an amendment which deals with the expenditure of public monies. Is that satisfactory if I can get the Member for St. Boniface to figure that out. He seems to be having some difficulty, then we've solved the problem in the House and we can simply pass it. It's certainly not . . .

HON. LAURENT L. DESJARDINS (Minister of Tourism, Recreation and Cultural Affairs) (St. Boniface): . . . pass the motion you turned down a few years ago. I just want to make sure which one it is.

MR. CRAIK: The Member for -- I don't know what side of the House the Member for St. Boniface was on two years ago but at any rate we could look up the record, regardless of whether he's on this side or on that side, I think he voted for it, because I don't know of anybody on that side, on the government side, that voted against it. -- (Interjection)-- Since I understand the Member for St. Boniface presented this resolution some time prior to that I would even give him the resolution to bring in now and I could support him on it because he's now a Cabinet Minister and . . .

MR. CHERNIACK: Mr. Chairman, on a point of order. I waited long enough to give the honourable member an opportunity to make his presentation. Having made his presentation I must now point out that we are dealing with Section 5, dealing with removal of exemption on commercial vessels. I did not want to bring the point of order until he had an opportunity to present his argument, but I think at this stage we're up to the next section under the rule which you read to us.

MR. CHAIRMAN: Clause 5.

MR. CRAIK: Mr. Chairman, perhaps just before you move off this. In proofing this earlier it appeared to me that this is the point at which this should come in and if it's not, could you advise me where this should be added because I think it has to come in between here.

MR. CHERNIACK: Mr. Chairman, I'm often prepared to give advice to the honourable member but in this particular case I have no such inclination. He has experienced people on his side of the House who can no doubt give him assistance in his problem.

MR. CRAIK: Mr. Chairman, I do believe we are caught up in some difficulty here. This should come in between the new 8 and 9 on the bill so that being the case I'd be quite prepared to wait until we get to just before 9 although it still applies to section 4 of the Act.

MR. CHAIRMAN: Clause 5--passed; Clause 6(r)-- The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, this is the Section of the amending Act which deletes the Section (r) of subsection (1) of Section 4 and this was the one with which we were having some difficulty yesterday in determining the present impact on aircraft operating in and out of the province, and we now agree that aircraft that were engaged in scheduled runs which took them beyond the borders of the province were exempt and now are taxable.

MR. CHAIRMAN: Order, please.

MR. MCGILL: I am speaking, Mr. Chairman, on the Section 6 . . .

mr. cherniack; . . . honourable member. This section has two effects and the honourable member is correct. It removes Section (r) which deals with aircraft and it replaces Section (r) with safety hats, so I believe that honourable members have the right to speak on both aspects.

MR. MCGILL: Thank you, Mr. Chairman. I propose to reserve my comments on the operative section which comes at a later date in this amending Act in respect to the over-fly provisions because I am hopeful that the answers which the Minister gave me on this aspect I have somehow misunderstood, and that over the weekend there may somehow be some corrections as there have been to the answers which he supplied in respect to aircraft used on scheduled routes outside of the province and inside. So, Mr. Chairman, I will reserve further

(MR. MCGILL Cont'd) . . . comment on respect to the over-fly application for Section 4 (6).

I would like to say though, Mr. Chairman, under Section 6 that we on this side commend the government in the provision of an exemption for the sales tax under these safety equipment items. We think that the provision of an exemption for safety hats and safety work boots with built-in steel toe protectors, asbestos gloves and welders goggles is a useful exemption and we think that this should be pointed out as one of the parts of this Act we can support.

MR. CHAIRMAN: Order, please. Order, please. The Honourable Member for Brandon West.

MR. MCGILL: And while we are considering the whole question of safety for workmen I would like to suggest to the Minister that we might have gone even further in this consideration and discussed what goes on underground as well as what goes on the workman himself. The Minister is aware of course that such things as rock bolts that are used underground that contribute to the safety and protection from loose, and so forth, have been exempt under the Act as production material, production machinery, and roughly the total expenditure for the mining industry in Manitoba for rock bolts is about 1.5 millions of dollars. For safety reasons it might be useful for the government to consider continuing an exemption rock bolts.

There is also the mine timber that is used underground to prevent loose from the roof of the stopes coming down on the miners, and this has been exempt from sales tax. Now this is a safety provision that I think is a most important one in underground mining, and I'm sure that the Member for Thompson has had some practical experience in that respect. Here again there is another \$1-1/2 million expended annually for the provision of timber for stopes underground. For the safety of miners and the general operations underground, mine timbers and rock bolts, are two of the items which provide the useful part of the service. So, Mr. Chairman, this amending Act has gone part way. It has provided exemptions for safety clothing for miners. I wonder if the Minister would have some comments on the taking away of the exemption on underground items that are also related to the safety of operations.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: The proposed exemption applies to personal protection of the individual, it differs from that of the other items referred to by the Member for Brandon West.

MR. CHAIRMAN: (r) 6--passed. The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I did feel that I was dealing with some extent the personal protection which is included in the underground activities and which these items that I mentioned are involved, that all people on underground employment are being protected by the amount of timbering, and the amount of rock bolting that is done to protect that.

MR. CHERNIACK: The Honourable Member was referring to protection of persons on mine property, whereas I was referring to personal protection that these articles provide. There is a difference. I imagine that engineers make sure that the construction of this room is such that the roof will not fall in on us. I don't think that that is personal protection, as protection of persons.

MR. CHAIRMAN: (r) 6--passed; (r) 7-- The Honourable Member for Thompson.

MR. BOROWSKI: There's only a few minutes left. I too, would like to commend the Minister for exempting those things. My one regret is that rubber gloves weren't included which are very important, every miner, every working man underground must have them for his protection, and I regret very much it wasn't in there. Well, doctors, that's fine, if it's for the protection, I see no reason why we shouldn't exempt it, even for doctors.

The Member for Brandon talks about mine safety and I think it should be put on the record that one of the important features of mine safety is mine inspectors, something that was lacking under the previous government, and something that we have now, and I don't think it's fair for the Member for Brandon to indicate or suggest that somehow we don't care about mine safety, because I think our record will indicate we do.

MR. CHAIRMAN: 6--passed; 7-- The Honourable Member for Birtle-Russell.

MR. GRAHAM: On the same question that was raised by the Minister or the Member for Thompson there are many members in the agricultural community because of the necessity for an enlarged agriculture society as we know it today, have to use some of the very dangerous chemicals that are involved in the protection of their property from the infestation of insects have to use protective clothing, and I would certainly second the proposal made by the Member for Thompson that safety equipment such as gloves be included as an exemption. The farmers are required to handle chemicals which are quite dangerous, Sir, and I know of

(MR. GRAHAM (Cont'd) . . . several cases of farmers who have ended up with very large medical bills which have been the result of their handling of chemicals that are related to the agricultural economy, and the fact that they were not able to purchase those pieces of protective equipment, or were not made aware of the dangers that were related to the use of the particular chemical, and in doing so they have seriously harmed their physical health, and impaired their ability to produce a livelihood in our community. And, Sir, I submit to you that a person in the agricultural community today has to have every available facility that is humanly possible to provide to barely make a living in the agricultural society today. I would seriously urge that the Minister take into consideration giving that farmer every available opportunity to succeed in his endeavours because after all, Sir, 38 percent of the economy of our Province is involved in some way direct or indirect in the agricultural society.

MR. CHAIRMAN: Order, please. The hour being 4:30, the last hour of every day is Private Members Hour. Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of the Whole have considered Bill No. 21. Report progress and ask leave to sit again.

IN SESSION

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

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Point Douglas, that the report of the Committee be received.

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

. . . . Continued on next page.

PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: Private Members' Hour on Friday is Private Members' Resolution. We're on Resolution 3 at this particular juncture. It's the Resolution by the Honourable Member for Birtle-Russell. I shall indicate the members who have spoken to refresh your memory. The Honourable Member for Birtle-Russell, the Honourable Member for Thompson, the Honourable member for La Verendrye, the Honourable Member for Ste. Rose made an amendment, the Honourable Attorney-General, the Honourable Member for Gladstone, the Honourable Member for Winnipeg Centre, and the Honourable Member for Lakeside has spoken. The floor is open. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Speaker. Its been some time, Sir, since this Resolution was first introduced into the House, and I honestly believed at that time, Sir, that we would have the full co-operation of members of the opposite side in what I consider, Sir, to be one of the real serious problems that faces the agricultural community in Manitoba today, and that is the question of rustling and the taking away from legitimate farmers of the product of their hard earned endeavors. But we find, Sir, that members on the opposite side in their collective wisdom, whether it be wisdom or illogic is again a debatable point, have found reason to amend the original proposal in a way that in essence, Sir, has rendered the impact and the intent of the original Resolution to be rather obsolete and insignificant. And, Sir, I think that we in the agricultural society have to charge the members of the government, the members on that side of the House with the responsibility of relegating agriculture in this province to a position of insignificance and relative unimportance in our society today. Because that is what they have done with the amendment that they have imposed here, and the Member for Ste. Rose in all his righteous indignation had better stand up and defend his position here because he has said to the farmers in Manitoba that I don't care what you do, we are not really concerned with you at all, and that is what he has done by this amendment that he has put forward.

Sir, the agricultural community in Manitoba deserves better than that which is afforded by members on the government side. They are not concerned with the agricultural community in Manitoba; they have no intention of being concerned with the agricultural community in Manitoba; and everything that they have done, to date, Sir, has indicated and substantiated the charges that I have made right now. Sir, this must in all sincerity, make every farmer in Manitoba suspicious of this government. When we look back on what this government has introduced in the way of legislation, the penalties that they have imposed; and they have done it by devious and numerous ways; and they have done it with the Succession Duties Act; they've done it with the Gift Tax Act; they've done it with their refusal to include farm property in exemption on school tax; only substantiates the argument that I put forward, Sir, that this government is not concerned with the farmer in Manitoba. And, Sir, I would say that the people in Manitoba will make that judgment themselves when the next election is held. And it's interesting Sir, to hear the Minister of Agriculture say right, because he has been wrong in everything that he has tried to do for the Province of Manitoba since he has been in office. And it is sincerely hoped, Sir, that the Minister of Agriculture will be right once for the farmers in Manitoba, but we haven't seen that yet.

MR. SPEAKER: Order please. I should like to indicate that the general gist of the Resolution is in regards to rustling, it is not all of the agricultural sector. I would suggest the honourable member try to indicate his argument in regards to this resolution. I allowed a certain amount of latitude for his introductory remarks, but I think we have passed the stage of introduction. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you very much, Mr. Speaker. I was attempting to bring forward the fact that rustling is very prevalent in this Province, and I'm sorry that I did not impress you with the reason and the fact that the Minister of Agriculture is in fact rustling from the farmers in Manitoba. I am attempting, Sir, to put forward an argument that substantiates the fact that this government is trying to rustle from the farmers every dollar that they can, legally or otherwise.

Mr. Chairman, or Mr. Speaker, Sir, we the farmers of Manitoba, are concerned about the problem of rustling in this Province. Agriculture, Sir, is the biggest industry that Manitoba has to date, other than that of government, and this party opposite, Sir, is intent in making government a bigger industry in Manitoba than agriculture, and if they continue much longer, they will succeed in that. But agriculture as the industry of the private individual is

MR. GRAHAM, (cont'd.) still the biggest industry in Manitoba, and any time that people try and take away from that industry whether it be by rustling, by taxation, by any other means, I suggest, Sir, is a form of rustling, and the resolution, or the amendment to the resolution put forward . . .

MR. SPEAKER: Order please. The Honourable Minister of Education on a point of order.

MR. HANUSCHAK: I believe, Mr. Speaker, that just a few seconds ago there was a violation of the rules of this House comparing legislation by this government, or by any other government, with what is commonly regarded as a criminal offence, and I believe the Honourable member should retract that statement.

MR. SPEAKER: The Honourable Minister of Education raises a point of order. I would suggest that if he had carefully listened, the honourable member was expressing an opinion. I think he's entitled to whether it infringes on it or not. As long as it's an opinion and he doesn't lay a charge or impute that this is what is the case, he is entitled to an opinion. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Speaker, I thank you for your ruling, and, Sir, I will tell the Minister of Education that that is my opinion, and it is also the opinion of most of the farmers in the Province of Manitoba. Sir, I will also say to the Minister of Education that it is also the opinion of most of the farmers of Manitoba that he is also trying to, not rustle, but wrestle many tax dollars in education tax away from the farmer which is not in the interests of the agricultural community, Sir, far more than the farmer is willing to partake with.

Sir, the farmer has been placed in a straight jacket. His costs of productions are constantly rising; he is being controlled and thwarted in his marketing endeavors by the Minister of Agriculture; his costs are rising as a result of the actions of the Minister of Education . . .

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

MR. DESJARDINS: Mr. Speaker, on a point of order. We are dealing with a specific resolution and I think that the member is certainly out of order by covering the waterfront and starting another debate on the estimates of the Department of Agriculture. He is talking about taxes, he is talking about the Department of Education bringing in taxes. What has that to do with rustling?

MR. SPEAKER: I would suggest to the Honourable Member -- Order please, I would suggest to the Honourable Member for Birtle-Russell that the Honourable Minister's point has some validity. Would he confine his remarks to the resolution as I indicated earlier.

MR. GRAHAM: Thank you, Mr. Speaker, I will definitely concern my remarks as I have in the past to the fact of rustling. The rustling that has occurred in this Province has been such that in my estimation, Sir, there has been a million dollars taken from the farmer directly by those who are involved only in the act of cattle thievery, but there are many more dollars, Sir, that are rustled from the farmer by the actions of government. And, Sir, when we are dealing with the question of rustling --(Interjection)-- I am against rustling and I wish that you would be against rustling too.

MR. SPEAKER: Order please. Order.

MR. GRAHAM: Mr. Speaker, I apologize to you, Sir, for answering the bait that was put forward to me by the honourable member opposite. I know I should not be baited in this type of debate, but as a farmer I feel so strongly about the actions of people whether they be in a co-ordinated body, or whether they're acting individually, that thwart the endeavor of the farmer to make a living in this province, that I feel that every action should be taken and if this government wouldn't do it, then we should probably appeal to a higher authority. And I would suggest to you, Sir, that the higher authority be the people of the Province of Manitoba.

Mr. Speaker, --(Interjection)-- Mr. Speaker, there are many many times that people who are dissatisfied, who are in a quandry, who may make a decision without duly thinking it out and I would suggest to you, Sir, that that is what happened in 1969 because --(Interjection)--

MR. SPEAKER: Order please.

MR. GRAHAM: I would suggest to you, Sir, that any farmer any person who is concerned with his own individual enterprise, and any person who is trying to protect, trying to protect his own personal property and the efforts of his hard earned endeavors should be opposed to actions such as the actions which in my opinion are occurring by those opposite and other unscrupulous people in the Province of Manitoba.

MR. SPEAKER: Order please. The Honourable Minister of Agriculture on a point of order.

MR. USKIW: I don't know what the reference to the activities of this government have to do with the resolution at hand, but if that kind of debate carries on, I would hope that we would be given the same latitude.

MR. SPEAKER: The point is well taken. There shall be no latitude in straying from the Resolution. I've backed the honourable member twice now. This is the third time. He has six minutes left. I hope -- Order please. I hope he'll utilize it to speak to the resolution. I should also indicate that there will be ample opportunity for other members of the Assembly to speak, so they would kindly control their interjections so I can hear what is being said. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Speaker. I will continue and I will abide by your wishes. We have now come to the point where the farmer in Manitoba is quite desperate about this question of rustling, Sir. I raised the question last year in the House, as members opposite are well aware. The Minister of Agriculture did nothing. This year I raised a resolution essentially of the same nature but I appeal to the Minister, the Attorney-General to do something about it because the Minister of Agriculture was unwilling to do anything for the farmer. Now I find that the Member for Ste. Rose has deliberately thwarted that Resolution by moving an amendment which registers a meaningless definition to the whole Resolution, and if this government wants to make everything pertaining to agriculture in this Province meaningless, let the Member for Ste. Rose stand up and admit it because he also represents an agricultural community.

Mr. Speaker, we cannot carry on much longer under this present situation and the amendment that the Member for Ste. Rose proposed would give the government indefinite time to consider, to ponder, to establish boards, to establish commissions, to go out and hold hearings, and the farmers of Manitoba aren't interested in that type of thing, so Mr. Speaker, I would like to move a sub-amendment to the amendment that was proposed by the Honourable Member for Ste. Rose and, Sir, I would move that the Resolution --(Interjection)-- I would move, seconded by the Member for Rock Lake, that the Resolution on the proposal of the Honourable Member of Ste. Rose, an amendment thereto be further amended by adding thereto in the second last line thereof, after the word "legislation" the following phrase, "at this session".

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: Mr. Speaker, I wanted to say a few words on this Resolution and the amendment - a sub-amendment to the amendment. There's no way that I can support either the Resolution or any of the amendments because --(Interjection)--

MR. SPEAKER: Order please.

MR. GONICK: Exactly to the Member from Souris Killarney. If we pass this resolution banishing rustling I think we would be passing a resolution banishing the economic system of which we are part because as everybody in this room knows that the entire business enterprise system was built on rustling, and thievery. How else did the large cattle ranchers begin except as rustlers 30 or 40 years ago? How else did the members opposite begin their large two thousand acre farms except in this fashion? How else did Mr. Brofman begin his empire in liquor except through bootlegging in the 1930's? Another aspect of rustling. How else did Rockefeller start Imperial Oil except in the same method as thievery and rustling in the oil industry?

Mr. Speaker, rustling is part of the tradition of the free enterprise system. I think everybody in this House that feels any affinity with that system must vote against this Resolution and all of its amendments. Mr. Speaker, what I would rather see as a suggestion from this discussion, is not that the rustling be banished and that rustlers be punished, rather that we encourage the establishment of a cattle rustlers' union, just as we have other kinds of unions and associations in this Province. So, Mr. Speaker, I don't want to take more time of this House, however I feel that the . . .

MR. SPEAKER: Order please.

MR. GONICK: . . . resolution is in no way consistent and the amendments are in no way consistent with the spirit of free enterprise system, and I do not understand how members opposite can in any way support it.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSON: Mr. Speaker, the remarks just made by the Member for Crescentwood has confirmed of course the long-held suspicions that we on this side of the House have

(MR. JORGENSEN cont'd) had for a long time. And for months in this Chamber he has been talking about the corporations, the huge business enterprises, and how they have exploited the people, and how they deserve to be punished. It's fitting, of course, that the Honourable Member for Crescentwood should speak in this rustling debate because he's got his rustling clothes on. But it's typical of the warped thinking that he has displayed in this Chamber on so many occasions, on so many subjects. A one-track mind, Sir, a one-track mind that believes that no matter how hard a person has worked to acquire some property, some goods and some wealth, no matter how much they have been deserved by the virtue of hard work he has the audacity, Sir, to stand up in this Chamber today and say that every rancher, every farmer who has property, who owns land, and who has established an enterprise because of hard work, now, somehow or other in his mind this sort of thing should not be permitted, and this sort of thing has been acquired through rustling, by exploiting. I want to tell him that there are very few farmers in this country who have achieved what they have achieved today in the way of property, in the way of a business enterprise, through anything else but hard work. -- (Interjection)-- Well, the Honourable Member says, prove it. I don't have to prove it, I look at the farmers in this side of the House, and in this Chamber and I know how each one of them got their start, the kind of sacrifice and the kind of work that they put in getting that way, which is a heck of a lot more than I can say for the Honourable Member for Crescentwood who hasn't done a day's work in his life. He wouldn't know what a day's work was if he was faced with it. --(Interjection)--

MR. SPEAKER: Order.

MR. JORGENSEN: He has the - I can only presume he says it in jest, because surely no serious-minded man would suggest that there be formed a rustlers' union, so that they can protect themselves. Protect themselves against who? Save the system. Protect themselves against the government if they need any protection. But it's a rather interesting commentary, on the attitudes of honourable gentlemen opposite when the Member for Crescentwood takes the attitude that when one man steals from another and literally that is what is being done in this instance, that he wants that thing protected. It's very much the same as the Attorney-General said when he spoke in the same debate. The Attorney-General in essence when he made his contribution on this same debate suggested the first steer, the first steer that was rustled should be on the house, and just to make sure that I don't misinterpret the Minister's remarks, and I regret very much that he is not in the Chamber right now because I would have loved to have gone through his debate with him again. But he suggested that - you know I happened to believe that with young people you always give them a second chance, which simply, what it means is that when they steal the first steer they should be allowed to get away with it.

The Member for Crescentwood would go even further than that. He wants them to get organized so that they can steal in an organized manner, and he must get those ideas from what he is proposing to do to the people of this country if the kind of a government that he wants ever becomes effective in this country. --(Interjection)-- We know the attitudes of the Honourable Member for Crescentwood, and I see that the Minister of Agriculture must be going through some rather traumatic experiences after listening to the comments of the Member for Crescentwood. --(Interjection)-- Well the Member for Crescentwood said that the Minister of Agriculture agrees with his comments. I want the Minister of Agriculture to stand up and say that he agrees with those comments, that he agrees that rustling should be organized.

MR. SPEAKER: Order please. I should like to say that I realize that we have to have some levity but I still am trying to conduct your meeting according to your rules. Now the honourable member who keeps interjecting if he likes to hear himself should take a room on his own and go in there and shout. I will not tolerate it in this Chamber anymore, but if the members of this Assembly wish to have that kind of conduct I shall remove from the Chair and they can continue and shout at each other as they please. But I do say that as long as I am in this Chair I must conform to the rules and they apply to all members. The Honourable Member for Morris.

MR. JORGENSEN: Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Minister of Labour, on the point.

MR. PAULLEY: It is the rule of this House that members should direct themselves to the question that is before the House. The question that is before the House may I say, Mr. Speaker, in all due respect is whether or not the sub-amendment dealing with the question as to whether or not the amendment should be considered at this session or some other session,

MR. PAULLEY cont'd) not with the general proposition of the Resolution that was first proposed, but rather should we deal with it now at this session, or should it be dealt with at some subsequent question. I believe even my honourable friend the Member for Morris would agree with me in the point that I raised. So, Mr. Speaker, I have no objections at all really to an expansion of the debate. --(Interjection)-- Who told me to shut up? Somebody who hasn't got two ounces of brains in their head. I don't know who it was. But the point, Mr. Speaker, that I raise is that if we are going to adhere strictly to the rule of debate, it's whether or not we'll deal with this the amendment at this session, or some subsequent time.

MR. SPEAKER: The Honourable Minister raises a valid point. The Honourable Member for Morris.

MR. JORGENSON: Mr. Chairman, that's precisely the very point I was dealing with.

MR. USKIW: . . . the Member for Morris would like me to respond because he did in his finishing comments . . .

MR. SPEAKER: Order, please. That's not a point of order. The Honourable Member for Morris.

MR. JORGENSON: Well if the Minister wants to respond, you know he's going to have that opportunity in the course of this debate. --(Interjection)-- First the Minister knows full well that he's going to have his opportunity when I sit down that if he chooses then to get into the debate he can rise in his place and be recognized by the Chair and then will have his opportunity to make his remarks, and we on this side of the House are going to be eagerly interested in listening to what he may have to say because we want to know whether he is in accord with the remarks that were made by the Member for Crescentwood about whether or not the government is going to set up a rustlers union to ensure that they're going to be able to ply their trade. We want to know of course, and to be sure, in order to ensure that I am not speaking outside the restrictions that are now imposed by the House Leader. I'd be interested in knowing if that is going to be done this session as well, and I can include that and incorporate it in my remarks.

I'd be interested in knowing whether the Minister would agree with the Member for Crescentwood when he made the suggestion that all farms in this province were acquired by the owners as a result of exploiting other people; as a result of stealing and robbing, such as he suggested. If the Minister is of that point of view, then the farmers should know that. The farmers should know immediately what the government has in mind, and what the government's intentions are, not only in regard to this particular matter that is before us now but to agricultural policy in general. Of course they can deal with that at a later date but for a beginner we would certainly like to know if he concurs with the remarks made by the Member for Crescentwood insofar as it applies to establishing a system of protection for those who would derive their livelihood from stealing from other people in this country.

MR. SPEAKER: The Honourable Member for Flin Flon.

MR. THOMAS BARROW (Flin Flon): I just want to make one comment, Mr. Speaker. My honourable friend spoke humorously in a moment of levity but the protesting is so severe that I think maybe the shoe fits. Thank you, Mr. Speaker.

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

MR. McKELLAR: Mr. Speaker, I had thought maybe the Minister of Agriculture might be replying to a statement made here this afternoon by the Member for Crescentwood. He either doesn't take his own members very serious or he agrees with the Honourable Member for Crescentwood, and this is a question I would like to ask at this particular time. You're either on one side or the other. Does he agree with the Member for Crescentwood or doesn't he?

Mr. Speaker, in all my fourteen years in this Legislature, I've never heard a speech made by an individual with such charges against the farmers of Manitoba like he made this afternoon, and all you fellows that are laughing are simply agreeing with him. Mr. Speaker, Mr. Speaker --(Interjection)-- Mr. Speaker, the honourable member can sit down. We sat and listened to him.

MR. SPEAKER: Order, please. Order, please. The Honourable Member for Crescentwood state his point of privilege.

MR. GONICK: Yes my point of privilege, Mr. Speaker, is that I have been totally misinterpreted. My criticism was against when I talked about rustling was against the capitalist system and not against the farmers of Manitoba or Canada.

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

MR. McKELLAR: Mr. Speaker, I'll get to . . . I heard what you said. You accused every livestock man in the Province of Manitoba of . . .

MR. SPEAKER: Order, please.

MR. McKELLAR: If the honourable gentleman would keep quiet, I might be able to get my statement across. And the Honourable Minister of Agriculture's laughing. When he laughs at us, he's laughing at the farmers of Manitoba, and he's agreeing with the Member for Crescentwood.

MR. SPEAKER: Order, please. I should like to indicate to the Honourable Member for Souris-Killarney he's imputing to a member and he's just conjecturing that that's the reason why. I would suggest that he not enter into this alleyway of thought. The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Speaker, this is a lot more serious than what the Honourable Minister of Labour would give these statements. He shouldn't be joking at this stage of the game. I happen to be a third-generation farmer and if he wants to accuse my grandfather of starting farming by means of rustling, that's one thing. But I tell you, Mr. Speaker, he either better retract the statements he made this afternoon, or the Minister of Agriculture better get up and state that he does not believe in any part of the statement made by the Honourable Member for Crescentwood.

Mr. Speaker, could you imagine, could you imagine anybody getting up and saying that the rustlers should be unionized? Could you imagine that? Mr. Speaker, I can when you get so darn close to communism as what was stated here this afternoon, you can believe anything. Mr. Speaker, the only thing he didn't say that that union would be run by an American union down there in Denver and that he would get political funds for the next election for that American union who is responsible for the operation of that cattle.

Mr. Speaker, this is a very important Resolution and I know enough about these gentlemen across the way. I know how they acted when they sat here. I know how they acted. They let on they wanted to do something for the farmers. When they get in power, what do they want to do for the farmers? They want to make a joke of them, chastise them, tear them to pieces, destroy them by every means possible. And the Minister of Agriculture laughs and agrees with every part of it. Mr. Speaker . . .

MR. SPEAKER: I wonder if the honourable member would apply himself to the Resolution.

MR. McKELLAR: Mr. Speaker, this is pretty serious, and I want to tell you why it's serious. Owning property is one of the few things that an individual can do in his lifetime, whether it be land, livestock or whatever it may be. And I think this is one of the things that we always want to retain the privilege of owning property, and even though a socialist government not very far from here wants to put on limits on the fact that you can't sell your land to another person from another province, that is bad enough. Mr. Speaker, the Member for Birtle-Russell brought in a Resolution here which would do something for the farmers of Manitoba by implementing a \$250.00 fine plus restitution to the farmer for the loss of his animal. But what did the Honourable Member for Ste. Rose do, who comes from one of the largest cattle areas in the Province of Manitoba. Just read what he said. Did you ever hear of a heavy minimum fine? Did you ever hear of a heavy minimum fine? There's no such thing. When it's minimum, it's minimum. There's no such thing as a heavy minimum. Where he got those words from, Mr. Speaker, I'll never know.

Mr. Speaker, the honourable gentlemen are ready and talkative but you know they have no concern for the farmer. They're laughing at him right now. They're laughing at him right now. --(Interjection)--

Mr. Speaker, it's about time that the people of Manitoba realized what kind of a group of people they have got running this province and I tell you today was the best example, the best example. They'll know from now on who's running the party. Who's running this political party. Who's dictating policy for agriculture in the Province of Manitoba.

MR. SPEAKER: Order, please. The honourable member should apply himself to the Resolution. The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Speaker, it's very difficult to hold yourself, to control yourself when the Honourable Member for Crescentwood went as far as accusing certain corporations in Quebec, certain corporations like Mr. Rockefeller of the Rockefeller Corporation in the

(MR. McKELLAR cont'd) United States of making their fortunes from rustling. And yet I'm supposed to have contained myself within the resolution. Mr. Speaker, it's very difficult.

Mr. Speaker, there's nothing much more I have to say other than I hope that you take the advice of the Honourable Member for Birtle-Russell who brought in this Resolution and who asked in his sub-amendment that some action be taken at this session to assist the farmers in this problem. And goodness knows, I know it as well as anybody what it means, because selling insurance you're involved in this very great problem. And theft is a very difficult thing to prove unless you got part of an animal there that you could find, because so often the animal just disappears. But the Honourable Member for Crescentwood he doesn't care whether they take all of the animal, part of the animal, or whatever happens to that particular animal, as long as the rustlers get ahead in the Province of Manitoba, and they get organized. This is the feeling of the honourable member.

Mr. Speaker, if that's the kind of government we're going to have run our Province of Manitoba it's a sad day for the farmers in the Province of Manitoba. It's a sad day for the livestock men in the Province of Manitoba and I hope --(Interjection)-- Mr. Speaker, the Honourable Minister of Labour's got foot and mouth disease today, foot and mouth disease. For those of us who have been in the cattle industry, we know all about it, but I hope he doesn't end up with the same end as many of the cattle that had this particular disease ended up with a few years ago back up in Saskatchewan.

Mr. Speaker, as I mentioned, not only have the livestock men been threatened today; the whole agricultural industry has been threatened today by the statements of the Honourable Member for Crescentwood. I want the Minister of Agriculture to get up and tell us right now after I sit down whether he believes with the Member for Crescentwood or whether he doesn't and let's get the facts on the table right now and not a minute later.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Speaker, dealing with the resolution, that is amendment from the government, sub-amendment from my colleague, the Member from Birtle-Russell, is something I thought had a very serious and important connotation, but having listened to the Member from Crescentwood, Mr. Speaker, it's just about impossible to put in words how serious the matter has become.

Dealing with the sub-amendment, Mr. Speaker, I wonder if the Member for Crescentwood would challenge me on any public platform in the rural parts of Manitoba, and I'd be prepared to do it, to debate with him the kind of attitude, the kind of responsibility that he accepts, that he accepts as a member of this government.

A MEMBER: I'll be the referee.

MR. EINARSON: One other thing, Mr. Speaker, I want to say, that I become more concerned because, you know -- Mr. Speaker, I have a few things to say and if I have time he can ask the question afterwards. When I listen to the Member for Crescentwood talk about forming a cattle rustlers union is something that is almost beyond comprehension that would come from the lips of any member, a politician in the Legislature of this province. I don't know whether he realizes from what he says when he refers to not only myself probably, generations before us; those people who worked, toiled to make this country what it is.

I become concerned, too, Mr. Speaker, having heard what the Attorney-General had to say in this regard, this particular matter, and also when we had our agriculture report drafted not a word was mentioned about this particular matter. And I also become even more concerned, too, because the Minister of Agriculture must become involved in this matter. We travelled throughout most of the Province of Manitoba and had he come into the south southwest corner of the province, he would have heard problems from farmers in that part of Manitoba in the same way that he did from farmers in the central and the northern area; areas of the Honourable Member from Ste. Rose, I think more so than any area of the Province of Manitoba, and I just can't understand why he would even submit an amendment to this resolution knowing full well the greatest problem when we're talking about cattle rustlers come from his area. And if my memory serves me correctly, Mr. Speaker, in the Birtle-Russell area, I believe there were about 75 - approximately 75 head of cattle - that had been rustled in the last year or so. And a farmer told me also that he had a purebred bull and a cow stolen off his premises, and never saw hide nor hair of it. This is a value of approximately \$1,500, and the members of this government take this so lightly?

(MR. EINARSON cont'd)

I want to say, Mr. Speaker, that as far as I'm concerned and when I consider the comments made by the Minister of Agriculture at the Outlook Conference in Brandon last January, I believe it was, his approach - and I mentioned this in my remarks earlier in another speech - that I became concerned with his attitude. I realize that he has a problem just the same as I do, we both have a similar responsibility insofar as agriculture and industry is concerned. But his approach and the comments he made at that Conference seemed to have some significance with what the Member for Crescentwood has just said in this House today. And I say, Mr. Speaker, I become very concerned with just where are we going? The Minister of Agriculture now has a very serious matter before him as the Minister of Agriculture of this Province. He is going to have to deal with colleagues in his caucus if a matter is presented before him such as this. And I'm going to make it my business, Mr. Speaker, to see that these remarks from the Member for Crescentwood go to the Stockgrowers Association of this Province, and this, in turn, will get out to the many farmers of the Province of Manitoba.

I hope, Mr. Speaker, in my concluding comments that the government will support us on the amendment to this resolution because I, as the Honourable Member from Souris-Killarney said, he couldn't for the life of him understand what in the world they were meaning when they say "consider the advisability of introducing legislation that would impose heavy minimum penalties plus restitution to victims of stolen livestock." Those two words "heavy minimum" I think, possibly should have some explanation from the Attorney-General. It sounds like, you know, the kind of amendment that would come from the Attorney-General, Mr. Speaker. Thank you.

MR. SPEAKER: The Honourable Minister of Agriculture. The Honourable Member for Crescentwood.

MR. GONICK: Did the Member from Rock Lake challenge me to a . . . debate in the . . . ?

MR. SPEAKER: Order, please. There are no challenges in regard to debate. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, we've had a -- I believe there's a question before the House.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: . . . ask the member a question to make sure I got his remarks correct, for clarification. Did the member challenge myself to debate in the rural areas with me on this question of the state of agriculture and the rustling of the business system in the Province of Manitoba?

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Speaker, the Member for Crescentwood is asking me for clarification of a comment that I made in my remarks. I was referring to some of the things he was saying, forming a cattle rustlers union, and the comments surrounding this remark, that if he wants to debate I prefer to debate with him on whether or not farmers agree that a cattle rustler's union should be established? I'd be prepared to deal with that.

MR. SPEAKER: The Honourable Minister of Agriculture. Order!

MR. USKIW: Mr. Speaker, any partially sane person that would be observing the debate in this Chamber this afternoon would agree that the whole debate is a bit of nonsense, because who in his right mind, Mr. Speaker, would entertain the idea of organizing cattle rustlers to give them greater ability to do things that are illegal in this country and which would be a violation of the criminal code of Canada? So really we have had a very light-hearted approach to the resolution that's before the House, throughout the entire debate of the resolution this afternoon, a very light-hearted approach; and for members opposite to appear indignant about comments that are made about the issue are themselves emasculating the seriousness of the problem.

I think members will recall that during the tour of rural Manitoba, that is the tour of the committee on agriculture, we did receive a number of representations from different farm groups throughout rural Manitoba, and in particular in the Russell, Roblin, Ste. Rose areas, and we have been made aware, Mr. Speaker, that there is indeed a problem that has to be dealt with. But I want to remind members opposite, I want to remind members opposite, that they ought not to be in too great a hurry, that this government should do something like yesterday, Mr. Speaker, when we do have to go through the motions of considering the problem and the need to give it the kind of consideration that will bring about the kind of legislation that will

(MR. USKIW cont'd) make sense, when in fact one has to reflect on the fact, Mr. Speaker, that throughout the eleven years or twelve years of Conservative government in Manitoba, we had committees set up to deal with a number of problems, social problems in Manitoba, having to do with labour, automobile insurance, agriculture, many many committees were set up. And they were set up to do nothing, Mr. Speaker. They were set up to do nothing, because each year those committees reported, they simply reported that they should be meeting again, but never concluding with any set of recommendations and never following up with legislation that was meaningful as the result of the fact that in the two and one half years of office of this government, that we have undertaken and have fulfilled many commitments following the kind of dialogue and communication that we have had with the people of Manitoba, by way of legislative committees and other means. We have proven, in fact, that we take problems that are presented to us most seriously. And this happens to be another problem, and it happens to be a problem that will also be taken seriously, and we are going to give it the kind of thought and necessary consideration that will result in the proper legislation being introduced to deal with the issue.

One question was put, Mr. Speaker, on the comments of my colleague, the Member for Crescentwood, and whether or not I had agreed with him that there was rustling going on far beyond the livestock industry. While I don't think one has to be a genius, Mr. Speaker, to realize that from the beginning of time there have been all forms of rustling, from the beginning of time, and that rustling and hustling, and you name it, Mr. Speaker, no one, no one has ever denied the fact that we have unscrupulous people in society that are willing to take advantage of his fellow-man, whether it be in the business community, or whether it be through absolute illicit dealings and tradings, and what have you.

Any system in my opinion, Mr. Speaker, that allows exploitation is a form of rustling, and my colleague, the Member for Crescentwood, is quite right. And we have not adequately dealt with many forms of rustling, we are only dealing here with one form, we're only dealing here with one form. To the extent that one exploits society by excessive margins of profit has yet to be dealt with, Mr. Speaker. To the extent that we have combines operating in this country that operate for the sole purpose of maximizing returns on investment at the expense of all people is a form of rustling. The members opposite ought not to get too excited when one member from this side of the House simply indicates that we are just tinkering with the system when we are trying to deal with the problem of cattle rustling.

I think members opposite perhaps may lack the depth to understand what my colleague is talking about, and that is probably something that they will never overcome. But as far as cattle rustling is concerned, Mr. Speaker, we do have a problem and we intend to deal with it after the proper consideration has been given to the ways and means of dealing with it. The departmental people have been involved in looking at ways and means for some time. We have undertaken to examine what is being done in other provinces, and there are different approaches in different parts of Canada, to deal with this particular problem.

Penalties are one approach, but penalties are only important or relevant to the extent that people are caught in the act, to the extent that you may only catch one out of a hundred persons that violate the law, the Criminal Code of Canada, they are not very effective. It's the same thing as the laws of the highway. I'm sure that the Member for Rock Lake on more than one occasion has gone far beyond the speed limit, but I don't know if he's ever been caught. And the same, Mr. Speaker, will apply in this regard. No matter how maximum the penalties are, no matter how maximum the penalties may be, even if it means forfeiture of one's entire assets, it will only apply to the one that's caught, but will not necessarily prevent another occurrence. So there has to be . . .

MR. SPEAKER: Order, please. The hour being 5:30 does the Minister of Labour wish to indicate his procedure for next week before I adjourn?

MR. PAULLEY: Yes, Mr. Speaker, if I may in accordance with the new rules of the House. I would like to indicate the contemplated procedure for next week, and I trust that some member in opposition may relay this to their Leader and to their House Leader, that there is a meeting of the Public Accounts Committee on Monday morning at 10:00 o'clock in Room 254; there will be a meeting of the Committee on Statutory Rules and Regulations called for next Thursday morning at 10:00 o'clock in Room 254. It is the intention to continue with the debate on Bill No. 21 in Committee of the Whole House; following that third reading for the said bill. We would then go into Capital Supply to consider that matter in estimates, followed

(MR. PAULLEY cont'd) with the estimates of the Department of Highways if my honourable colleague, the Minister of Transportation is available - unfortunately he is ill at the present time; I do not know whether he will be back early in the week. And then the next department estimates will be those of Legislation and the Executive Council.

I'm sure honourable members will appreciate that there may be some fluctuation in this, and I will do whatever I can to inform my honourable friends in the Assembly of any change, but this generally, Mr. Speaker, is the pattern that I can visualize at this particular time.

MR. SPEAKER: The Honourable Member for Riel,

MR. CRAIK: . . . relay the information, Mr. Speaker, might I ask whether the Public Utilities Committee will be called later next week?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: In due course, Mr. Speaker.

MR. SPEAKER: The hour of adjournment having arrived, the House is accordingly adjourned until 2:30 Monday afternoon.