

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Monday, May 1, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the Gallery where we have 50 students of Grade 11 standing of the St. John's High School. These students are under the direction of Dr. Doerksen. This school is located in the constituency of the Honourable Member for Inkster.

We also have 40 students of Grade 11 standing of the River East Collegiate. These students are under the direction of Mr. Krawchuk. This school is located in the constituency of the Honourable Member for Rossmere, the Honourable First Minister. On behalf of all the honourable members, I welcome you here today.

Presenting Petitions; Reading and Receiving Petitions, Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports.

HON. PETER BURTNIAK (Minister of Highways) (Dauphin): Mr. Speaker, I would like to table an Order for Return No. 18 on the motion of the Honourable Member for Roblin.

MR. SPEAKER: Notices of Motion; Introduction of Bills.

INTRODUCTION OF BILLS

MR. EDWARD MCGILL (Brandon West) introduced Bill No. 38 An Act to amend The Brandon Charter.

MR. GORDON E. JOHNSTON (Portage la Prairie) introduced Bill No. 44 An Act to amend the Portage la Prairie Charter.

MR. HARRY SHAFRANSKY (Radisson) introduced Bill No. 43 The Manitoba Association fo School Trustees Act.

MR. SPEAKER: Oral Questions. The Honourable Leader of the Opposition.

ORAL QUESTION PERIOD

MR. SIDNEY SPIVAK, Q. C. (Leader of the Opposition) (River Heights): Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs. I wonder whether he can indicate to the House whether the purchasing tendering practices of the government have altered or been changed?

MR. SPEAKER: The Honourable the Attorney-General.

HON. A. H. MACKLING, Q. C. (Attorney-General) (St. James): No.

MR. SPIVAK: A supplementary question. I wonder if the Minister of Consumer and Corporate Affairs can indicate how 113 buses were purchased by the government without tendering?

MR. MACKLING: Mr. Speaker, pursuant to provisions of the Act.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): Mr. Speaker, I'd like to direct a question to the Attorney-General. Is in fact the Manitoba Government in violation of the law in the recent purchasing of school buses from Flyer Coach Industries?

MR. SPEAKER: Order, please. The honourable member is asking for a legal opinion which is contrary to our procedures. The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development. Does a lapse of time occur during the transfer of a person receiving assistance from the time that he is on municipal assistance to the time he goes on provincial assistance at the end of three months, and if there is a period of time lapsing, is that recipient in receipt of no help from anyone?

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

HON. RENE E. TOUPIN (Minister of Health and Social Development) (Springfield): Mr. Speaker, there should not be any lapse of time between the referral from, say the switch from the municipal assistance to the provincial assistance to the Department of Health and Social Development. If there is, as of causes that I am not immediately aware of, there is always provisions within the Act for emergency assistance and that can be given either by the municipality of one of the regional offices of the Department of Health and Social Development.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Speaker, I have a question for the Premier. Is he prepared to lodge or is the government planning on lodging a protest with Ottawa on the release of dangerous criminals in Manitoba?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, I'm not sure that I know what particular practice of the Federal Department of the Solicitor-General he's referring to. If it has something to do with the relatively new program that has been adopted with respect to home visitation privileges, etc., then the answer is no, not to my knowledge.

MR. BOROWSKI: Mr. Speaker, I'd like to clarify the question. I'm asking is the government going to make representations to Ottawa as the result of the release over the weekend of two dangerous criminals on weekend passes?

MR. SCHREYER: Well, Mr. Speaker, I don't believe that there is any present intention to do that; however, it would be I think, prudent in the ordinary course of matters to seek advice on this from those in the Provincial Government that are involved with corrections and who have some expertise in the matter.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I'd like to direct a question to the Minister of Industry and Commerce. Could he advise the House of the name of the consulting firm with which Mr. Cockerton is associated who was the consultant involved in the sensitivity training program of the MDC employees?

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

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I'll take that question as notice.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, a supplementary. Would the Minister also determine if Dr. Briant of the MDC is a business associate of this company?

MR. EVANS: Mr. Speaker, our understanding is that when Dr. Briant came to work on contract for the Manitoba Development Corporation he divested himself of other business interests which may have any conflicting nature operation whatsoever.

MR. SPEAKER: The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): Mr. Speaker, my question is for the Minister of Health and Social Development. How many people are on the Welfare Advisory Committee?

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

MR. TOUPIN: Mr. Speaker, I could check this to make sure but I believe the number is 14. By the way, Mr. Speaker, it's spelled out right out in the Act.

MR. HENDERSON: How many people constitute a quorum?

MR. TOUPIN: Mr. Speaker, again that is a provision of the Act. There is a provision in the Act that the welfare advisor or the Welfare Appeal Board may divide itself and hold hearings - both teams hold hearings at the same time with the chairman and the vice chairman.

MR. HENDERSON: Another supplementary question. How much notice are people on this committee given prior to the hearings, people that are on the Welfare Advisory Committee?

MR. TOUPIN: Again, that, Mr. Speaker, - usually the committee itself decides the advance notice being given to its members. The usual amount of days that is given is approximately seven days.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development, regarding the two dangerous criminals who were released from Stony Mountain to go to an Alcoholics Anonymous meeting. Wouldn't it be possible for the Manitoba Alcoholism Foundation to have arranged for meetings to be held in Stony Mountain for people who need it?

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): I think that it is established this is a Federal matter and I wonder whether it's within due bounds of this Assembly to consider the same, and to receive the questions directed by the Honourable Member for Fort Rouge.

MR. SPEAKER: The point is well taken. The Honourable Member for La Verendrye.

MR. BARKMAN: ... perhaps ask this question from the Minister of Education concerning

(MR. BARKMAN cont'd) the purchasing of school buses. Is the competitive bid system not going to be practiced any more?

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education) (Burrows): Yes, the competitive bid system will continue to be practiced at all such times as the provisions of the Government Purchases Act are being implemented.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question of the Honourable Minister of Education. Will a competitive bid system be practiced with Flyer Coach Industries?

MR. HANUSCHAK: I believe my comments made in reply the previous question, Mr. Speaker, apply to all.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Attorney-General. Could he indicate how many prisoners under provincial jurisdiction get the same type of weekend passes that Ottawa is handing out so indiscriminately?

MR. SPEAKER: The Honourable the Attorney-General.

MR. MACKLING: I'll defer that question to my colleague who is responsible for corrections, the Minister of Health and Social Development.

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

MR. TOUPIN: Mr. Speaker, I couldn't give an exact figure to the Honourable Member of Thompson. I can take the question as notice. You'll find this, by the way, in the Annual Report of the Department of Health and Social Development in the supplementary report of statistics. There are quite a few that are left on parole and it's quite difficult not to phase back inmates into society without allowing some flexibility on day parole; but you have to have discretion so far as what inmates are you going to allow to go free on weekend passes.

MR. BOROWSKI: Mr. Speaker, I have a question for the Minister of Health. Do I understand him to say that he is more concerned about prisoners than people in Manitoba?

MR. TOUPIN: Mr. Speaker, prisoners happen to be people and they happen to be sick people that have to be phased back into normal society life.

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

MR. G. JOHNSTON: Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. Is it a fact that Dring Laminated Structures at Boissevain will be closing their doors as of the end of May?

MR. SPEAKER: The Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, a similar question was asked me last day and I took it as notice.

MR. G. JOHNSTON: Could the Minister either now or when he gets the answer inform the House how much the MDC loan is involved in this case?

MR. SPEAKER: The Honourable Minister.

MR. EVANS: Mr. Speaker, if there is an MDC loan, we'd be pleased to do so providing we don't contravene the secrecy pledges given by the previous government by the MDF to borrowers. The previous government did give secrecy pledges and we've said, if you borrow from the MDC it's public knowledge. However, I would say in a general answer to your question that I think the particular town in which this company is located is doing quite well and I look forward to great economic growth in that town.

MR. SPEAKER: The Honourable Member for Roblin. Order please. The Honourable Member for Portage la Prairie, last supplementary.

MR. G. JOHNSTON: Yes, a supplementary question, Mr. Speaker. Would the Minister also ascertain whether or not Boissevain Laminated Structures were encouraged by MDC to move to Gimli which would be conditional on further aid?

MR. EVANS: Mr. Speaker, I'll be pleased to look into that matter. The implication in the question I find very difficult to believe.

MR. SPEAKER: The Honourable Member for Roblin.

MR. WALLY J. MCKENZIE (Roblin): Mr. Speaker, my question is for the Honourable Minister of Mines and Natural Resources dealing with the same subject matter - secrecy. Can the Minister indicate to the House the progress of the rapeseed plant at Grandview?

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

MR. EVANS: I was asked that question as Acting Minister of Mines and Resources. I'm

(MR. EVANS cont'd) not sure what the connection is. I would say, Mr. Speaker, that whether the members opposite believe it or not, we live in an economic system where most of the decisions are made by private industry and I as a member of this government, the Minister of Industry and Commerce, can't be responsible for the progress or lack of progress of every single enterprise or group of entrepreneurs that may wish to exist in the Province of Manitoba.

Mr. Speaker, while I'm on my feet I wonder if I might have leave to table a very brief report on the Shellmouth Reservoir operation. If I may have leave of the House I'll table it at this time.

MR. SPEAKER: Leave granted? (Agreed) Very well. The Honourable Member for Roblin.

MR. McKENZIE: Would the Honourable Minister be able to deal with me on the matter of the secrecy of the plant in Brandon?

MR. EVANS: I'm not sure whether I understood the honourable member's full question. Was I able to deal with him on the matter of a secrecy of a plant in Brandon? Mr. Speaker, the Department of Industry is engaged in encouraging industrial development all over the Province of Manitoba including the Town of Boissevain, including the Town of Grandview.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I'd like to address a question to the Honourable the Attorney-General. Will the bill that he is sponsoring through the House still be required after the hearings that were conducted in Grand Forks re CFI last week?

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Yes, Mr. Speaker, the gentleman who testified in Grand Forks was a voluntary witness.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Honourable First Minister. Can he inform the House whether the purchase of the Midland Railway land within Urban Renewal Area No. 2 is completed, and if so when the land will be available for redevelopment?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I would have to advise the honourable and fair lady member that that question is one which I cannot answer just at the moment but I'll be happy to take it as notice and to attempt to get the details on that.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): I have a question for the First Minister. Has the government responded yet to the petition from the 230 workers at Gillam to set up a judicial enquiry into the operation of the Manitoba Hydro Council.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the answer is that I expect to be able to do so within the next 24 hours.

MR. SPEAKER: The Honourable Member for Gimli.

MR. JOHN C. GOTTFRIED (Gimli): Mr. Speaker, I'd like to address a question to the Honourable Acting Minister of Mines and Natural Resources. Would the Honourable Minister please inform the House of the present levels of Lake Winnipeg?

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

MR. EVANS: I'd like to thank the Honourable Member for Gimli for giving me notice of this question previously last week. I can report that Lake Winnipeg levels as measured at Gimli on April 26th were 715.82; April 27th, 715.90; April 28th, 715.87; April 29th, 715.96; April 30th, 715.98; and on May 1st, which is today, 716.07; all of which are in excess of proposed Lake Winnipeg regulations.

MR. SPEAKER: The Honourable Member for Gimli.

MR. GOTTFRIED: A subsequent question. Has the Honourable Minister received any complaints from any concerned citizens concerning the high level?

MR. SPEAKER: The Honourable Minister.

MR. EVANS: Mr. Speaker, should any queries be received with regard to these high levels of water I refer them to an authority higher than the Provincial Government.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, a supplementary question. I wonder if the Minister could advise whether the stranded barge on Lake Winnipeg has any perceptible effect on the lake levels?

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Honourable Acting Minister of Mines and Resources. If the government had been able to keep the level of Lake Winnipeg at ...

MR. SPEAKER: Order. Order, please. The Honourable Lady knows that a hypothetical question will not be allowed. The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): I'd like to direct a question to the Honourable Minister of Industry and Commerce. Would the Minister explain the objective of the meeting attended by himself and Mr. Stevens on January 29th as reported in Saturday's Press?

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

MR. EVANS: I'm sorry, because it's so noisy around me I didn't hear the latter part of the question. I wonder if the honourable member wouldn't mind repeating it. I might add that I haven't had the opportunity to read the paper today.

MR. GIRARD: I'm referring to the meeting held between yourself and Mr. Stevens at the Union Centre on January 29th, and I wonder if the Minister could reply and advise the members of the House as to the objectives of that particular ... --(Interjection)--

MR. SPEAKER: The Honourable House Leader.

MR. PAULLEY: Yes, that's right. May I remind my honourable friend that it is improper to ask such a question on Orders of the Day. We have rules in this House that my honourable friend, the Member for Emerson, should be well aware of.

MR. SPEAKER: The Honourable Member for -- Order, please. I should indicate that in regard to the point of order raised by the Honourable Minister of Labour, it's true. Citation 171, Section E: "A question oral or written must not inquire whether statements made in newspaper are true".

The Honourable Member for Rhineland. Order, please.

MR. FROESE: Mr. Speaker, I'd like to address a question to the Honourable the House Leader. Why are returns for orders that are replied to no longer being distributed to all groups of this House? Or should we re-apply for those same questions again?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: We have a rule in this House, Mr. Speaker, that recognizes the government and officially recognized parties, and that is the answer to my honourable friend. It has never been a practice of this House that individual members, such as my honourable friend from Rhineland, is entitled to receive all documentations that are tabled in this House.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I don't want to be argumentative but that is not the fact, and ...

MR. SPEAKER: Order, please. Order please. I would like to indicate to the honourable member this is a question period not a debating period. If he will place the question I will entertain it. The Member for Rhineland.

MR. FROESE: Well on a point of privilege then, Mr. Speaker. The fact is that we have been getting the ...

MR. SPEAKER: Order, please. Order, please. Any oral questions? The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the Minister of Industry and Commerce. I wonder if he can indicate when he was made aware of the sensitivity session conducted by the Manitoba Development Corporation with its employees?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I rise to make the same point of order much the same as was just raised by my colleague, the House Leader. And that is that matters of internal management procedures that are carried out within the operation of Crown Corporations are not matters that properly are brought before this House particularly during the question period. I'm sure that there is no basis for anyone to suggest that questions are in order during the question period, if they ask, for example, as to the staff-management relations within Air Canada, or CNR or Polymer or the MDC or Western Flyer Coach or Manitoba Hydro or Manitoba Telephone System, etc.

MR. SPEAKER: The point is well taken. The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct a question to the Honourable Minister of Education. I wonder if he could advise the House as to whether or not a school division has any authority or any privilege in deciding the make of bus they can obtain?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: We receive information, Mr. Speaker, from school divisions as to size of buses and the number, that is the passenger capacity.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct a question to the Honourable Minister of Industry and Commerce. I wonder if he could advise the House as to who is paying the employees at the Sprague plant at the moment?

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

MR. EVANS: Mr. Speaker, that question was asked of me last week and I gave an answer.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: A supplementary question, Mr. Speaker. I wonder if the Honourable Minister would consider perusing Hansard to see whether or not he did give an answer?

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

HON. SAUL A MILLER (Minister of Colleges and Universities) (Seven Oaks): Mr. Speaker, last week the Member for Emerson asked whether I could confirm to the House some of the construction of the university buildings had cost up to \$30 per square foot? I now have the information, and the cost runs, the general contract cost per gross square foot run anywhere from \$18.25 to \$31.73 over the last three years.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Thank you, Mr. Speaker. My question is to the Honourable Minister of Industry and Commerce. Since today is the deadline suggested by Mr. R. E. Fisher of Montreal, can the Minister advise the House how many quotations on the proposed MDC employees group insurance plan have been received from private industry?

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

MR. EVANS: Mr. Speaker, as the First Minister has indicated, this is an administrative matter which is being handled by the staff of the Manitoba Development Corporation.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: A supplementary, Mr. Speaker. Can the Minister undertake to find out that answer and give it to the House early this week?

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: I have a question for the Minister of Health and Social Development. Have the negotiations with the dentists of Manitoba been completed?

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

MR. TOUPIN: Well, Mr. Speaker, if I can read the question posed by the Honourable Member for Crescentwood, there's more than one negotiation taking place. I must say that the one that I think he's referring to has not been completed.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: I ask another question of the Minister of Health and Social Development. Have negotiations with the doctors with regard to increases in fee schedules been completed?

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

MR. TOUPIN: Increase or decrease have not been completed.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: I would like to direct a question to the Minister of Colleges and Universities. Can he advise the House what the percentage increase in settlement was for the university negotiations this year?

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

MR. MILLER: I would like clarification. The percentage of increased negotiations for what?

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Salary, Mr. Speaker.

MR. MILLER: Academic or non-academic?

MR. CRAIK: Academic.

MR. SPEAKER: Order, please. I think we're getting into a debate back and forth. Orders of the Day. The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): I wonder if the Minister of Health and Social Development could advise us if they have completed arrangements for dental services at Gillam?

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

MR. TOUPIN: Yes, Mr. Speaker. The Honourable Member for Churchill asked that question, I believe a few weeks ago, and I have an answer for him. I'll try and get it for tomorrow.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: I have a question for the Minister of Health and Social Development. Would he agree to provide the House with a list of the doctors in Manitoba and their salaries, such as the Premier of British Columbia has provided to that Legislature?

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

MR. TOUPIN: Mr. Speaker, I could consider such a request but this is definitely a government policy; I'll actually go by the decision taken by government on this subject.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct a question to the Honourable Minister of Education. I wonder if the Minister could advise the House as to whether we have assurance that the 113 buses ordered from Western Flyer Coach will be delivered on time?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: In all government purchases, Mr. Speaker, where time is of the essence the terms of a contract call for delivery at a certain time, and certainly if that is necessary in the case of bus purchases then that would be done and the government would do everything within its power to see to it that the contract is adhered to.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: A supplementary question, then, Mr. Speaker. In a case where a bus does not arrive on time who ...

MR. SPEAKER: Order, please. The question is hypothetical. The Honourable Member for Roblin.

MR. McKENZIE: Mr. Speaker, I direct my question to the Honourable Minister of Mines and Natural Resources. I thank him for the report re the Shellmouth Reservoir, but I just had a phone call from farmers in the area. How long will the Honourable Minister give the farmers to get the grain out of there before the river goes over its banks, with these figures that were released today?

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

MR. FROESE: I'd like to ask a question of the First Minister then. Could he tell us who gave orders to the effect that they would no longer get Orders for Return in reply to the question that are placed from time to time?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I attempted to answer this question a moment or two ago when I established according to our rules, the proper procedure, but as a matter of courtesy by this government, a copy of each and every Order for Return, as I understand it, is forwarded to the Committee Room of the Independent members of the Assembly for their perusal. We do not give each and every individual member but I'm sure if my honourable friend will attend at the Independent Caucus Room, if I may call it that, he will obtain there, for his personal invitation, in Room 248 copies of all the Orders for Return that are documented and tabled in this House.

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: I direct my questions again to the Minister of Mines and Natural Resources and ask him how many hours advance notice he is going to give the farmers in the valley of ...

MR. SPEAKER: Order, please. The question is repetitive. The Honourable Member for Roblin.

MR. McKENZIE: Would the Minister consider compensation for those farmers that are in the areas and have grain stored in the valley of the Assiniboine?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Again on a point of order. This is a matter of policy of government, and I think my honourable friend has been here long enough to know that the question is improper because under our Citation and particularly the 4th Edition of Beauchesne Citation 171, matters of policy are not proper for questions on Orders of the Day.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSON (Morris): On that same point. I fail to see where that resolves itself to a matter of policy; it was simply a question as to whether or not the farmers

(MR. JORGENSEN cont'd) who have been suffering damage as a result of actions of the government can expect to receive some compensation. I fail to see where the House Leader can take objection to that kind of a question. It's a perfectly straightforward one.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: If I may pursue the point, I can appreciate the reasoning of my honourable friend, the Member for Morris. But surely to goodness he would agree with me that any announcement dealing with the matter of compensation, be it large or be it small, is a matter of policy of the government of the day; notwithstanding the remarks from my honourable friend, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: I wasn't quarrelling with the Minister on that point. The point is that it's a perfectly straightforward question, one that is permissible under the Orders of the Day. Whether or not the Minister answers it is a different thing.

MR. SPEAKER: Order, please. I shall not tolerate a debate. The point of order was well taken, there is no need to debate it. Orders of the Day. The Honourable Member for Churchill.

MR. BEARD: I'd like to direct a question to the Minister of Colleges and Universities, I suppose, - higher education? What financial control will government have over local school boards and school teacher's associations to see to it that their spending will not take up the recovery that government has given the homeowner and the local renter?

MR. SPEAKER: The Honourable Minister of the Universities and Colleges.

MR. MILLER: Mr. Speaker, I believe that question should be addressed to the Minister of Education who is dealing more directly with the school board than I am at this time.

MR. SPEAKER: The Honourable Member for Churchill. Would you redirect it to the Minister of Education?

MR. BEARD: Redirect it to the Minister of Education? Then I would redirect it to the Minister of Education, Mr. Speaker. What financial control will the government have over the local school board and the local school teacher's associations to see to it that spending will not take up the recovery that the government has given to local homeowners and the local renters?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: Well, Mr. Speaker, as I'd indicated sometime ago, I hope that all who are involved in the process of education, teachers, trustees, and others, would do everything within their power to keep any increases in education costs down to a reasonable level; but insofar as any control under legislative authority, there is none. There's nothing which would prohibit any school division from enriching and expanding its own program to whatever degree it feels may be proper and necessary.

MR. SPEAKER: The Honourable Member from Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question for the Honourable First Minister. Is the senior citizen's home improvement grant available to all senior citizens or is it only available to the ones that are receiving a supplement?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, as has been made clear on a number of occasions the Pensioner Home Repair Program is open to all old age pensioners on a graduated scale basis.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: A supplementary. I wonder if the First Minister would be aware of all the applications that have been received, were they all approved or if there is quite a few turned down.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I really think that I should take that question as notice since it really asks for a precise figure. I can give the honourable member sort of a preview estimate, an approximation. I think that about 70 to 75 percent of the applications were approved. But that's, understand, only an approximation.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: One more supplementary, Mr. Speaker. I wonder if the First Minister could give some kind of criteria that is used because I understand there has been quite a few declinations in approving -- the ones that are, the applications that are approved. I wonder what kind of criteria is used to approve.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I believe that guidelines and criteria were made known to the applicants. However, if the honourable member wishes I think it can - make available very cursory documentation along those lines.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I've had a written question on the Order Paper for several weeks now, a question with respect as to whether certain people or groups could be invited to appear before the ...

MR. SPEAKER: Order, please. Order, please. If it's a written question our procedure is that it shall be answered in due course. It doesn't have to be stated orally again. The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I cannot swear to it but I had the impression that I did file or table the written reply. However I'll check to make sure that it is done, if it hasn't already been done.

A MEMBER: I believe it has been done.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, might I direct a question to the House Leader then. Can we expect the Public Utilities Committee to meet within two weeks?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, my honourable friend can expect what he likes to expect.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I'd like to have one additional question to the First Minister. Would he be willing to provide me with Orders for Return if I pay the cost and I'm willing to pay the costs so that I can get my own copies?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I think that the Honourable Member for Rhineland will admit that I have always had a considerable fondness for him. However that fondness cannot go so far as to make exceptions to the understood rules and practices of this House. And if I may, Mr. Speaker, I really think that the honourable member's not been inconvenienced in the sense that in Room 248 whenever he wishes to call he can avail himself of the opportunity to peruse the documents that are tabled there --(Interjection)-- or at the Clerk's office. It is not as though he would have to compete with other members of the Assembly since copies are made available to the Opposition, that is to say to the Official Opposition, and copies are available for individual members who do not belong to the Official Opposition, in Room 248. And that seems to me, Sir, to be a rather reasonable arrangement.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I'd like to ask a question of the House Leader. Could he indicate when the next Public Accounts Meeting will be held in view of the fact that this morning's one was cancelled due to the non-attendance of the members of the Opposition?

MR. SPEAKER: Order. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I rise on a point of privilege. For the benefit of the Member of Thompson there were five New Democratic Party members who were not present.

MR. SPEAKER: Order, please. I should like to indicate to the Honourable Member for Thompson that I entertain all questions but he should not preface his questions or add to them with offensive, or innuendo, or satire, or ridicule, when he's making a question. It is not fair to the members of this House. I am sorry, I should say to the House, I was remiss in not allowing the question the way it was posed. The original intent of the question was fair but the addition that the Honourable Member for Thompson places is not fair. It's not according to our rules. I want him to hear that. The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I'm not going to argue with the rules. I try to find out when the next Public Accounts Meeting is going to be at the same time indicating for the benefit of those here why it was cancelled.

MR. SPEAKER: Order, please. Order, please. As was indicated by the Honourable Leader of the Opposition, there was not only one member absent, there were many members absent.

ORDERS OF THE DAY

MR. SPEAKER: The Honourable House Leader.

MR. PAULLEY: I wonder, Mr. Speaker, whether you'd call Committee of the Whole

(MR. PAULLEY cont'd) House to consider Bill No. 21.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable the Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following bills: No. 21 - An Act to amend The Revenue Tax Act, the Tobacco Tax Act, and the Amusements Act.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of the Whole to consider Bill No. 21, with the Honourable Member for Logan in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: Clause 6 -- The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I was not present when this clause was discussed in committee and I do not think I'll be reviewing discussion that has already taken place. I understand the intent of this particular section and I think I recognize, and I think we all recognize the necessity of adjustments being made with respect to the Act that was first introduced. I don't think it's inconsistent to not believe that changes are required with respect to the application of the tax and additional provisions to provide exemptions should arise. But I wonder whether the Minister would be in a position to indicate why in addition to the items that are referred to, matters such as carpenters' tools, tradesmen's requirements, are not in fact exempt to at least allow the benefit to be given to those people who require those tools and their equipment to make their living. Just as it's required by those who in the mining industry may require particular safety requirements as an essential part of being able to earn their living, surely there should be an exemption for those people who require specific tools and need them and must have them to be able to earn their living, and I wonder if the Minister would be in a position to answer that.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, this ties in with some questions that were raised by the Honourable Member for Birtle-Russell. I didn't make a note of his specific examples but it's quite similar and my response is the response which I think was made generally in various discussions during the time the bill was imposed. In this case the items referred to are very specific and are used only in the trade where the safety precautions must be taken. The comparison with a carpenter's hammer is a fact of whether it's a carpenter's hammer or an amateur's, or a casual hammer is the essential point and that is, there is no way of recognizing exactly what the use will be as to whether it's part of the trade, part of the occupation of the person which is used for him to earn his livelihood. But in this case we haven't even gone as far as the honourable member asks. What we've done is deal with safety equipment.

The Honourable Member for Thompson referred to rubber gloves and pointed out the rubber gloves are important in the mining occupation. But there again the problem of definition because rubber gloves are used in many cases by many people doing various jobs unrelated to the earning of the livelihood, or indeed unrelated to safety measures. And we thought that we were doing an obvious worthwhile thing by recognizing articles which are definitely required for the protection of the person and that's why this is in. The reason the others are out I have explained but then the honourable member, the Honourable the Leader of the Opposition no doubt remembers the debate that went on before as to why these other items are excluded, and indeed he was part of the group that did exclude them. I'm not saying that in any accusing manner because we too are still excluding them, but that is the reason why this exemption has been so framed.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: The question that has to be asked is whether we're only dealing with limited exemption that will now be provided because of the enforcements provisions, because I gather that really is the difficulty. The difficulty would be to how you are going to be able to enforce the situation and distinguish between an ordinary hammer, a carpenter's hammer or the tools that they would require for the trade in their living. And what you're essentially saying, and this is probably true of other areas, but this is really the difficulty. In this particular situation you're able to identify it directly because it can only be required for that particular occupation, therefore the exemption can be given. If I understand that correctly then I maybe want to make a comment but if that's not the position and I've not explained it right, I'd rather

(MR. SPIVAK cont'd) have the Minister explain it again.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the specific answer to the specific section is that it deals with safety equipment, thus the specific. The general question that was asked - yes, it has to do with enforcement. It's not a question of safety, it's a question of tools of the trade and fortunately we and others, together with the people drafting the present Income Tax Act, have made recognition in some way by exempting tools of the trade as being one of the exemptions now permitted under the Income Tax Act which we all of us in this House greeted as being a worthwhile measure.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I think maybe the Minister has brought the next point which would be why will they not allow the exemptions, or agree that the exemption should in fact coincide with the exemptions allotted under the Income Tax Act itself because I think in this respect, no matter -- you're going to have some clear way of definition because the provisions will be provided in the Act itself . . .

MR. CHERNIACK: Mr. Chairman, the answer I think is obvious. In the case of a sales taxation that takes place at the time of purchase. In the case if income taxation a claim is made by way of a deduction from income tax to be calculated and at that time a workman can indicate the purchases that he has already made related to his trade. It's quite a different type of administrative procedure altogether and therefore the analogy is really not applicable and I really - maybe I could do better by going back to the debate of 1967, reviewing all the debate that took place, and it did take place at that time, and I must say that I'm not prepared at this stage to broaden it in that area where I know that there would be great administrative difficulties and in effect you would have to exempt all tools.

MR. CHAIRMAN: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Chairman, I wonder if the Minister could indicate whether it's by oversight or by design that safety glasses as opposed to welder's goggles, masks or shields, why safety glasses were left out?

MR. CHERNIACK: Mr. Chairman, it was not by oversight. The safety glasses are smoked glasses that are used in many resort areas, they're used by some who like the affectation of wearing the safety or coloured glasses, and again are not clearly distinguishable as being related to the safety of the workman.

MR. BOROWSKI: Mr. Chairman, perhaps I should elaborate. I'm talking -- I'm not talking about colours, I'm talking about glasses that are required on construction and mining. They're regular glasses except that the crystal is a safety type of glass which is a condition of employment and they're only used by workmen while working. I don't see any difficulty in enforcement in that area.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, on that point, of course the honourable member was a member of our task force that was studying these questions some time back and I don't recall that that specific item was referred to but whether or not it was, all I can say is I'll take a look at it through my ordinary glasses and I really don't know that at this stage I could just shove it in without knowing all the implications, but it's a matter that should be looked at. I just don't think it should be dealt with at this time, but I don't want to close the door on it for the future.

MR. CHAIRMAN: The Honourable Member for Churchill.

MR. BEARD: A short question first, Mr. Chairman. Is it possible after this bill is passed for government to add to this list, Mr. Chairman, through regulation, or is there any way in which they could add to the list through regulation?

MR. CHERNIACK: Well, Mr. Chairman, I don't know if Legislative Counsel heard that and his answer would be much more important than my answer. I believe that we are referring only to the welding process in this case and I think regulations have to be limited to extend, expand upon the Act itself but I don't believe that we could just automatically pass a regulation which actually changes the act by including, let us say, a carpenter's hammer. I don't think we have that right and the Legislative Counsel agrees with me. Regulations can only deal with elaboration or explanation of the - or better description of the section itself. Therefore I don't want to mislead the Honourable Member for Churchill. I don't believe that we can go much beyond the intent of the section which clearly in this case relates to in the case of masks, shields,

(MR. CHERNIACK cont'd) goggles, as being welders.

MR. BEARD: Well, I'm not going to take up too much time of the committee on this, Mr. Chairman. I would though ask that the Minister consider having a small task force, I suppose - I don't mean by commissioning one but I'm sure he has friends for instance in the unions that he could talk to inbetween sessions and consider what could be done about the working clothes. Now I realize that a banker could say well I've got a suit of clothes that I wear out at the bank but on the other hand he also wears these socially so it's very difficult to do anything about those. But there are many, many of the things that are used for labour work that are required specifically for a job and in fact a man can't be hired unless he has either these tools or the clothing, and I think that these should be considered, and well considered. I believe that if in fact you will take another look at it at a later date then I'd be satisfied to leave it at that because while the Leader of the Opposition has brought in things like tools and such, as hammers and saws, and while they may be bought like a novice such as myself where at home, by and large the majority of them, I imagine, particularly the good ones, are bought by the people that are using them to earn their livelihood and I think in that case that we could consider them.

I know as far as some of the clothing such as for instance gloves, and some of the overalls in unloading a car of lumber, a man wears out a pair of gloves in one carload of lumber, in one afternoon, and this is a great hardship. I have sold the gloves that the Member for Thompson talks about. They are of no value whatsoever to anybody outside of the industry in which they're designed for so really if it got down to the nitty gritty of it, I'm sure that you'll find that the majority of these things can be purchased either through the mining company or directly through the stores that are catering to the miners themselves that they wouldn't be available generally speaking in the everyday stores. So I think that maybe something could be done in respect to those that are in the labour field.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, may I say that we have had a task force working on this Act for well over a year. I know I announced it at the last session. It was a Task Force of our own caucus and the Honourable Member might consider whether or not he can find himself ready to participate in the Task Force on the basis that other members of a Task Force do.

I can give him two personal instances. One is that I worked on a job once where I bought a pair of gloves at least once a week but unfortunately those gloves were on sale for anybody and for any other purpose that could have been unrelated to work.

I can also tell him that I now often at a relaxed moment around the house wear a kind of an overall which is often worn by people required at their work, and he himself mentioned the problem that exists. So once you get into definitions and enforcement you're always in a problem, but I want to tell him that again it is our intention to continue the Task Force. The fact is that I receive letters quite often -- when I say quite often, say once a month, I get a letter suggesting some additional form of exemption, these are not set aside - they are set aside for the purpose of review and as they accumulate we need again and again to discuss it.

May I take this opportunity to refer to the fact that prescription glasses that are used in work in many fields are exempt from taxation but if they are non-prescription glasses, that I'm told that they run for one and a half to two dollars each and last indefinitely --(Interjection) -- \$3.00 the Member for Thompson tells me, and because of the reasons already given, they're not included in this exemption section.

Now I just want again - there's the question of clothing, it's that difficult because a bank clerk may be required to wear a suit such as the Honourable Member for Churchill and I are now wearing, and the fact is it is part of his employment that he has to be dressed in that fashion. He may earn half as much as a miner does who is wearing possibly a cheaper garment, but I agree he must wear it. So I'm just pointing out the problems in definition and enforcement and we do want to keep this Act workable.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Yes, I was wondering about an air compressor that's used on a farm because as you know most of the implements on the farm now are on rubber and an air compressor is a necessity. Where would you rate it?

MR. CHERNIACK: I'd rate it within this Section, Mr. Chairman. I say it does not come within the purview of this section in my opinion. If the honourable member wants to have a specific answer as to the interpretation of the present Act I suggest that the proper way to do it is to make enquiries to my department, I'll be glad to facilitate him in doing that.

MR. CHAIRMAN: Clause 6. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, by this section that we are now discussing we're exempting 4 (l)(r) which says: "aircraft normally engaged in foreign or interprovincial trade and repair parts therefor", and then we find that there is certain items that they are going to exempt. I think it's a very poor replacement from what we're going to tax from here on. And I'm just wondering - I think the Minister mentioned that there were other provinces such as Quebec that were taxing planes, or aircraft repairs, and I would like to know since when this is the case because as an Air Policy Committee we've made representations several times, and I don't recall this ever being in any of our briefs that we had a preferred position in Manitoba in this regard. Why was it missing when we - in the briefs when we did go there. Surely enough I think this should have been a great selling point, and as was pointed out by those hearings that were held and where we presented briefs that we wanted greater trade between the Canadian and the Americans, and that we wanted our international airport developed. Certainly this will not add to any development. In fact, the reverse is the case and I for one certainly don't go along with this and I feel that when we come to voting on this that we have a recorded vote.

MR. CHAIRMAN: Clause 6. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I think that there are comments to be made along the lines that the Honourable Member from Rhineland has already made in this debate and I would like to maybe add to that. But before we do that let me come back to the specific exemption that now will be substituted for the exemption that's being repealed.

First I accept the fact, and I think there's no jurisdiction that does not accept the fact, that it's a continuing survey that has to be undertaken by government of what additional exemptions or additions are to be made to any tax legislation. So the fact that there was a debate several years ago is interesting and it has some political value to those who want to argue one way or the other. But the reality is that we're faced with the Revenue Tax Act now which provides for some new exemptions that were not provided before in this one particular, and we understand its motivation. And I think because of that I think we're entitled to consider other possibilities along the lines that the Honourable Member for Churchill has already addressed himself. Because we get into a situation now as a result of what is being proposed here and what would be proposed in some other sections and we'll deal with them when we get into the other sections, where in effect there is going to be a discretion exercised by the person who is selling. There's no legal discretion because in effect tax is payable on used clothing over \$25.00, and I don't want to argue on that, but nevertheless in terms of the enforcement provisions there is going to be some kind of discretion exercised by the person who is the proprietor who'll be collecting the tax. As an example, in a drug store there will be certain things that will be exempt now and certain things that are not going to be exempt, and they are subject to taxation. And in the many general stores, particularly in the country where you have the drug store concept and the grocery store concept, and other things, there will be tax payable on certain items and not on others. And the government is going to have to rely on - (Interjection) - yes, I know. The government is going to have to rely on the collector to be able to - and on the purchaser to pay the tax as the collector collects the tax. Now having said that, I am now indicating what I believe is the reality, although maybe people do not want to suggest it's reality, that there is a discretion exercised by the person who is the collector from the purchaser, and because there is an element of discretion that is in fact exercised by the person who is collecting the tax, it would seem to me that it wouldn't be that difficult to be able to distinguish between those workmen's tools that are used by workmen in their occupation, and tools that are purchased by people who are buying them and using them for their own particular hobby, or for their own particular use, as opposed to the person who is earning a living. And I recognize as well that there'll probably be abuses as there are in every other tax situation that arises. But I'm wondering whether in real terms if we're going to allow an exemption and

MR. SPIVAK, (cont'd.) limit it in the way that we are, that we shouldn't be furthering it even more into other areas where there is real need and where there would be some recognition of the fact that a person who is in fact a workman requiring this for his living, just as a person who requires it as a safety measure for his living, would not be given the exemption. And I recognize as well that there's going to be tremendous administrative problems and there are probably some tax that should be collected that won't. But you're going to be relying, and are relying right now, on the collector in terms of their specific way in which they collect, and I think that in that respect that it would be naive not to suggest that we couldn't do it, even though we may lose some - and I talk collectively as far as the government is concerned - we may lose some money on it. Now I'd rather deal with that before I deal with what the Honourable Member from Rhineland . . .

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I don't believe there is discretion on the part of the collector. It's my impression if you go to a - not my impression, I know when you go to a supermarket and you push through items, there are many items, most of them that are not taxable and some that are. For example, light bulbs, various kinds of hardware that goes through the cash register that are taxable and it's not discretionary. The receiver or the cashier knows what is taxable, what is not. Now the question of abuses is something else and I am quite satisfied that there is a proper control. Now I know that my Assistant Deputy Minister in Taxation could give me chapter and verse but I would say this, and I believe this to be true from some knowledge I have, that a vendor has a record of the amount that he himself has purchased and sold of a taxable item and that there is spot check taken back to make sure that if he had \$100 worth let us say light bulbs, assuming they're over 25 cents and taxable - I'm assuming those two things - that if he has taken into stock \$100 worth of light bulbs he must then, on a check be able to show that he has indeed collected the tax on that \$100 worth of light bulbs. Therefore there is no discretion. Now there could be a tax evasion but I don't believe that takes place because I don't think there's enough there to make it worth while for anybody to do it and to be dishonest about it, but I don't believe there's any discretion. Now the honourable member suggests that maybe we should give them discretion knowing that there's abuse, knowing there may be law.

The question was raised by the Honourable Member for Riel I believe the other day on the question of clothing as to sale by - children's clothing - sale by size or by age and as far as I've been able to ascertain, where there has been a discretion, and this is a discretion, a judgment made by the clerk at the time of the sale that there has been so much loss of revenue due to the fact that it is such a debatable point that there is really no effort being made to enforce that at all. It's just left up in the air, unless it is an article that is so obviously intended for a child, like I suppose baby's pinafore, if that is that's still a modern term, that they've practically given it up in those provinces where there is a discretion left to the collector. I do not believe there is any discretion now. I wouldn't like to start a new policy without a great deal of study and as the honourable member says, we continue to study these things, and he must know that my department is constantly reviewing it.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well what the Minister has indicated with respect to children's clothing we do in fact have a discretion.

MR. CHERNIACK: No.

MR. SPIVAK: You're suggesting that we don't have a discretion because of the size and the -- (Interjection) -- but we also know, we also know that there's been tremendous problems on it. In other words, it's exact - with respect to our particular situation -- (Interjection) -- no problems as far as the public is concerned?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the problem is that there is no problem in enforcement but there is a problem in the fact that small adults get clothes tax-free and large children have to pay a tax, so that - the Member for Thompson who is fortunate in having produced large children, as he has told us in the past, has been paying tax for their clothing for some time and that is where the problem is. The problem is not in the enforcement; the enforcement is straightforward and does attract tax from the vast majority of cases where tax should be attracted, and does give up the exemption in the vast number of cases where the exemption should be applied, but I recognize that because of the arbitrary nature of the sizing regulation that

MR. CHERNIACK, (cont'd.) there is a certain amount of unhappy, either tax avoidance or tax payment where they shouldn't have been. But from the enforcement standpoint there is absolutely no discretion on the part of the collector and that I'm sure there's no problem in enforcement.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I thank the Minister for his explanation and I probably began my comments in an incorrect way. I accept the fact that here there is no discretion because of the sizing and the arrangements we've made. In other jurisdictions where there is a discretion, or where it's a matter of judgment, there's been difficulty in collecting the tax, and this is what the Minister said. But in effect we are going to provide - and I don't want to get involved in this part of the this section, that's with used furniture and used clothing, because that's I think another area. But we are going to provide the ability for used clothing, used footwear, used furniture, to be sold under particular amounts and at that particular time there is no doubt that the vendor when he is selling, if he is selling \$50 worth of items but can do it in three sales, will do it in three sales to in fact come underneath the umbrella and be able to avoid taxation for the customer.

And I'm now saying that if we're going to do that and if this particular timing, you're going to provide the specific in terms of safety requirements, and we know the motivation at this particular time, why would it not be better at this stage to in fact provide some kind of additional, additional exemption for those people who really require equipment and tools for their living? And I cannot believe that even though it may be difficult to collect, and there may even be abuses that were caused - and this is really my point about discretion because obviously there's going to be a judgment that's going to be exercised - that it really would really cause that rate, that kind of hardship, and the benefits I think at this point would probably you know, overtake or be a head out. The essential loss of revenue that will occur, and I'm only making, and I do not know what that revenue is, but I'm talking about the essential loss of revenue that would occur from the people who would abuse that exemption, because obviously there would be loss from the people who would be getting the exemption will be benefitting by it. But I'm not talking about the people who may be abusing it. And I wonder why at this particular time seriously it could not be considered. Once you're opening it in the way that you are, then surely, you know it would be inconsistent not to in view of the federal income tax changes now that have occurred, in view of the recognition that workmen's tools are a basic requirement for his living, just as safety is a requirement for a particular job that at least not to be provided. So there will be some difficulty, but it must be minor in comparison and we can't be talking about a great deal of revenue at this time insofar as the government is concerned. And I'm talking in terms of one kind of category of items. I'm not talking general - I can understand the problem in clothing and I think that's a very real one, but I think in terms of workmen's tools is something much more basic.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I can only rely on the advice I receive from my department as to question of enforceability. As far as the principle is concerned, I know and I'm happy to know, that our new income tax law much more than compensates for a five percent tax on those items because certainly there's a great deal more than five percent involved the exemption of those items in reduction of income tax and I think that the problem is lessened to a very considerable degree by the new income tax legislation, which we all or many of us asked for and are happy to have received.

MR. CHAIRMAN: Clause 6 . . . The Honourable Leader of the Opposition.

MR. SPIVAK: I think the Honourable Member for Rhineland brought in a difficulty we are going to have with this section and that is the question of having to deal with a repeal and a substitution. The repeal of the section essentially is a repeal of one particular item and the introduction of the new section as an exemption is really another category, and the difficulty that anyone's going to have in this - and I am not sure in other situations if this has happened before - you're substituting one for the other but one has nothing to do with the other, and as a technique I don't know whether this has happened before and I am not in a position to really deal with the rules, but --(Interjection) -- it's happened before? The Legislative Counsel says it's happened before. The difficulty is that it creates some difficulty because I'm inclined to agree with the Member for Rhineland that the repeal of (r) should be voted against, that the inclusion of the new (r) as an amendment or as an exemption should be brought in, I think many of us on

MR. SPIVAK, (cont'd.) this side are going to have a problem because we're talking about really two separate things.

MR. CHERNIACK: Mr. Chairman, I thank the Honourable Leader for permitting me to interrupt him. I want to help him without changing the wording at all because I think that would be unnecessary. If I were in his position I would vote in favour of (r) - pass, and I would vote in favour - opposed to the section passing and therefore I would be able to adjust in my own mind that I voted in favour of the inclusion and the exemptions of safety hats, etc., but I will then vote against the change, the substitution of this for the other which he opposes. Now that's just a suggestion. He may not accept it.

MR. SPIVAK: Again, I'm not sure that that will necessarily be the tactic that we will want to take, or that I will particularly want to take, but I appreciate the comments of the Minister.

Now let me now then deal with the question of repealing of (r), which has nothing to do with the new exemptions that is going to be included. Now the Honourable Member for Rhineland has hit on a pretty sensitive note as far as Manitoba is concerned. For years - for almost ten years now - we have struggled to try and keep an overhaul base in Manitoba. We attempted to try and keep Air Canada here; we attempted to try and sell the benefits of Manitoba and we also attempted to try, and I think successfully indicate for a period of time, that the advantages claimed by Air Canada in the consolidation of their overhaul facilities in Quebec were not justified. Now I know that there are some people in Manitoba who still believe that Air Canada and the Federal Government owe Manitoba something; that the debt that should have been paid for the transferring of the base has not been paid; that the validity of the arguments that were presented before have been borne out because of the necessity of expanding the facilities at Dorval, and for that reason there are many people who believe that the Provincial Government in Manitoba should be demanding from the Federal Government and Air Canada, the return of the overhaul base, notwithstanding the fact that CAE have purchased the assets here and are now operating an overhaul facility with some input from the Federal Government, the Department of Transport and from Air Canada. Now their arguments I think to a large extent are going to become invalid as a result of what we are doing. Because in effect we are proposing a tax that did not exist before; we know of all the difficulties we had in trying to convince the government of the fact that in Manitoba we could produce as economical as in the other areas, that the efficiency that was claimed as a result of the consolidation would not be - would not warrant the kind of savings, and I have no idea in terms of the total overhaul facilities, but I would guess that five percent on parts and on the aircraft itself would be a very substantial but an extremely substantial amount of money that we're talking about.

Now there are those who think that the proposal of having Air Canada bring its overhaul base to Manitoba is over - there are many of those who think the situation is finished; that there's no way in which the Federal Government will change their mind. But Federal Governments change and the Federal Government of today may not be the Federal Government of tomorrow. There is no doubt that there are developments occurring in Quebec that were predicted at the time that representation was made by Manitoba; there is no doubt as well that the information that was given to Manitoba was not correct about Air Canada's operation, its expansion. There is no doubt as well that there was no legal justification for the overhaul to have been taken out of Manitoba. It would seem to me that having provided for an ability to become economical in the way in which we dealt with our repairs in the aircraft industry, and the general desire to have the aerospace industry develop, that it's just inconsistent with the kind of direction that we have taken to now exclude this exemption and to now tax in the way we're suggesting.

We have Bristol Aerospace here and they have certain contracts we are aware of that have been brought to Manitoba because of the efforts of the Federal Government. We have CAE here who are struggling to survive, who have had a number of lay-offs, who have pleaded with the Federal Government for the kind of input that was first, or initially requested by them at the time the overhaul base was taken; we've had the representations of the Minister; we've had the representations of the present Minister of Supply, the Honourable James Richardson, who had indicated his general desire to see Manitoba grow with respect to the aviation industry, and we are trying to attract to Manitoba the development of an air industry.

Now, there may very well be a tax in Quebec but we do not have the advantages that Quebec had in their air industry. We do not have the history of the growth and development of the air

MR. SPIVAK, (cont'd.) industry; we do not have the facilities that now exist; we do not have the international airlines travelling into the community or into the province as they do in Quebec; we have all the disadvantages of our location, and we're trying to build an air industry which has been, to a certain extent, successful and we are in fact investing our own money as a Province of Manitoba in an experimental plane, and we know that we've put in \$3 1/2 million so far and more to come, and yet we are now at this point prepared to start to tax and to tax unlike other jurisdictions. Not all jurisdictions have this. Now one wonders the rationale between the direction of industrial development and the disincentive, the further disincentive that has to come as a result of this kind of policy because it's not just the money that will be realized by the Minister; it's the directions the government is going. In every particular area in which there have been the possibilities of exploiting opportunities for Manitoba, the government's by its direction and policy appears to be more concerned with its own particular problems of raising money, or with trying in some all encompassing way to be able to show its strength and its muscle. The truth of the matter is this that the aerospace is an industry of the future in which there is going to be great fluctuation, in which there is going to be great ups-and-downs in its activity, and what we are doing is adding another further disincentive.

Mr. Chairman, I've had the opportunity in this House of talking about the prospects of the development of the Pan Arctic oil and gas discoveries. I've indicated and I believe that there is the possibility of a \$7 billion on this project, much of which can be spent in Manitoba, I would say to you, Mr. Chairman, that in this and other sections, and in the attitude of the government, like so much of what's happened, Manitoba will be passed by. The amount of air traffic and freight that will have to be carried from some point in the central part of Canada to those facilities is phenomenal. Right now it is taking place out of Edmonton and, you know, Yellowknife, and realistically it should be coming from Manitoba. The potential for growth of the air industry is fantastic. The development of an overhaul facility to provide the repair for the planes that will be servicing the north is going to be fantastic. Now it really boggles the mind. I remember the Honourable Minister, or the Honourable Member for Inkster standing up and saying, you realize what \$7 billion is? It's 70 CFI's. Well let me suggest to you, Mr. Chairman, that if we talk in the kind of dimensions that we're talking about, and we talk in terms of a potential for Manitoba, and we talk in terms of the development - and I'm going to talk about the kind of machinery that we'll have to produce for those facilities, including a steel plant and including a piping, then I must say to you we have to talk in terms of the transportation requirements, and recognize that those people who are going to be concerned about where they're going to locate are going to locate in the jurisdictions that will provide the most economic base for them. We have certain disadvantages; we have some natural advantages; we have some opportunities. And because we lack a government strategy for development, because we have no direction where we're going, we have the Minister coming in and providing for a tax at this particular time because he requires money, and because he has to tax, and because this is a source of revenue, but in the course of doing it he is basically putting one more nail in the coffin for Manitoba of our inability to be able to attract and develop and take advantage of those opportunities that we can have, and, Mr. Chairman, I must say that in this respect, and we'll have other opportunities to deal with it before the bill is finished where we can show our protest. We have to protest very vigorously. This is not to defend the particular industries that are in Manitoba today but to recognize that the future potential of this province can be jeopardized by the kind of silly application that the government is taking with respect to this particular item because they are not prepared, they are not prepared to face up to the reality that Manitoba is what it is; that we have not really had the development in the aerospace area as eastern Canada; that if we're going to have to attract those opportunities, we're going to have to do everything we can to get them.

Boeing has built a plant in Manitoba and I'm aware, because those negotiations were started initially when I was Minister of Industry and Commerce, that the Boeing operation is a tremendous operation and that it has, as many of the other companies, its ups-and-downs depending on the contract work that the Federal Government and the United States gives, but there still is a potential for Boeing for the aerospace industry over and above the very small activity that they have in Manitoba. It's big according to our - in our terms but small in terms of the total Boeing operation, and how they can expect a Boeing operation to think in terms of the development of component parts and the fabrication of some kind of machine in the aerospace industry in Manitoba with this particular tax is beyond me. It's a cost of production; it's a cost

MR. SPIVAK, (cont'd.) that is going to have to be borne; and it is a cost that is going to have take place in terms of its maintenance. And the Member for Thompson may argue all he wants about, you know, this isn't important, it is important. The truth of the matter is that in the United States the development of the overhaul facilities have been in the centre; that in fact most of the operations have provided because the airlines fly over the centre of the North American Continent provide facilities where in Wichita and other areas to be able to take care of the planes that have been introduced. And Winnipeg should be and is a natural for the servicing of the midwest area, not just of Canada, but of the area even below our border - the immediate area in the midwest below our border. There can and should be the opportunity for development of that industry and I suggest, again, by what the government is doing because of the lack of direction, because they do not know where they're going with respect to industrial development, we have a situation where this industry is to be taxed where we have put in another position where in fact the kinds of development that could occur will not occur.

And I want to say something because the Member for Inkster and others have said, that what brings industry into a province is market; what brings industry into a province is the potential for profit, and the potential for profit, Mr. Chairman, arises because the cost factors by comparison to other areas will in fact be such, there will be a fact of benefit for their location.

And I must say to the honourable members opposite that if they think that what we are doing now is of great advantage to the Manitobans for the limited amount of money that they will get, I would say to you with the prospects that we have in the future, in the immediate future; with the problems that we have had in the past with respect to the aerospace industry; with the developments of the new plants that have taken place already, we are going to again penalize our opportunity by this act and this is only one of a series of acts and the New Democratic Party will have to take the blame for this particular situation.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the honourable member is labouring under the misapprehension that the proposed elimination of the exemption of aircraft will somehow affect the cost - will somehow impose a tax on the customers of CAE, or Boeing, on others. I want to dispel that thought. We are not proposing to tax other than airlines which fly in Manitoba and through, over, through Manitoba in their normal course. There will not be a tax for, let us say, the Air Canada base which was lost to Manitoba for the repairs that are taking place there. The costs of the repairs indeed, in some extent will be taxed in Quebec and in B. C. and in Manitoba to the extent that the planes are used, but to fly in for an overhaul and to fly out again, there is no tax involved in that job. Therefore all of the aeronautics industry, I mean the repair and construction industry, is not to be taxed for the work done on them in Manitoba, therefore there should not be any harm done by the removal of this exemption to that industry at all.

The point that the honourable member is making in relation to that is not really relevant because it's not taxed and I think he thought it was and therefore he made that speech that he did. He's shaking his head so I guess he knew that there would not have been a tax. So that he's not talking about that. I really thought, Mr. Chairman, and it might be interesting to review what he said to interpret that he believed that this was the kind of tax, that this tax would be imposed in that connection and would therefore hurt CAE, for example. No reason in the world why CAE should be hurt by this tax because planes coming in to be repaired, component parts built for it, the building them into the plane, or the repair of the plane, that is not what is being taxed. What is being taxed is the airplane in the hands of the consumer which consumes miles, or the user which consumes miles in, over, and through Manitoba. So that there's no tax involved there and I really believed in listening to him that he was talking about that but if he's shaking his head and meaning that he wasn't, then that satisfies much of the concern that I thought he had. May I therefore ask the Honourable Leader of the Opposition how it is that in his time we came to losing Air Canada base? How is it that there was no development of the airlines coming in and using Winnipeg more? And I ask him that in the sense that I believe that it's not that the airlines didn't want to come, but that the federal policy in relation to airlines coming in or out of any province or airport, was one which restricted others from coming in, and I would think that Bonanza Airlines, or any other airline that he referred to the other day - and he may not have said Bonanza but he was referring to certain airlines - that they wanted to come in, that they weren't allowed to come in by the

MR. CHERNIACK, (cont'd.) federal policy, and if they were permitted to come in they would still be glad to come in because they would be deriving revenue and the deterrent of a charge, not an annual charge, not a mileage charge in relation to ongoing expense, but only in relation to the purchase price, parts and repairs. I don't think that can be a deterrent at all. Obviously I won't convince him, but although I may privately, but I won't convince him in the House and I think we've already gone through that several times in the last week.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well the Minister indicated correctly that the overhaul base is in Quebec, and I suggest to the Minister there are some people who believe the overhaul base should be brought back to Winnipeg, and obviously if it's brought back to Winnipeg it will be taxed -- (Interjection) -- the repairs that will be done in Winnipeg are not going to be taxed at the overhaul base? The repairs to airplanes are not going to be taxed at all?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, to the extent that an airplane owned by company A, let's say owned by Air Canada, comes in and is repaired in Manitoba, or is repaired in Quebec, makes no difference in the impact in taxation, the taxation will be on the finished product or the repaired product, in relation to its mileage used in Manitoba as compared to total miles flown. The fact that the work is done in Manitoba does not in itself attract tax. Now I'm informed that my interpretation is correct. That is the intent. It is not intended to, say, an airplane flying in from Chile being repaired here and returned to Chile, there would not be a tax on that repair; the tax would be only of that airline services through Manitoba.

MR. CHAIRMAN: The Leader of the Opposition.

MR. SPIVAK: I think this is very interesting because I don't think, if I'm correct, and based on the information service that that was clear, and I would like to, if I may, deal with that in a few moments. You're suggesting that if aircraft are overhauled in Manitoba, any aircraft, it will only be taxed to the extent that it flies over Manitoba, that is the mileage it uses, so, in effect, aircraft then are sales tax free as far as repair work is concerned. --(Interjection)-- Aircraft, Item 5, Page 4. If I can read it, I might as well read it . . .

MR. CHERNIACK: Well, Mr. Chairman, I think it reads clearly and supports what I say.

MR. SPIVAK: Well let me read it for the record, the exemption for aircraft. "The exemption for aircraft as normally engaged in foreign or interprovincial trade will be discontinued on April 30th, 1972. Commencing on May 1st, 1972 the tax will be payable at five percent on the purchase of all aircraft, repair parts and services that are delivered to the purchaser on or after May 1st, 1972. The rental charges that are due and payable on or after May 1st, 1972, for the aircraft or parts leased, regardless of whether the lease arrangements may have been entered into before that date". Now there is, in mileage basis, where in the opinion of the Minister an aircraft that is normally engaged in foreign or interprovincial trade, revenue tax on the aircraft parts and services are payable on the basis of the following formula. Now we question the constitutionality of this, and that's another issue, but if the Minister is explaining this position this is certainly not the position that I understand. Now the Minister nods his head that his explanation is correct. Now . . .

MR. CHERNIACK: Mr. Chairman, would the honourable member permit me again, the Legislative Counsel draws to my attention Section 13, dealing with Section 4, subsection (5), and that confirms what I said. Bottom of page 4.

MR. SPIVAK: Yes that applies not only to aircraft, that applies generally to . . .

MR. CHERNIACK: All aircraft are included.

MR. SPIVAK: Then, Mr. Chairman, now we'll then go back to my argument again and will advance it in a different way based on the new information it was my understanding, because I think it's even more serious because then in effect what we are basically saying is to those aircraft who are home-based in Manitoba to the airline that is in fact a regional carrier with air overhaul facilities in Manitoba, that they will be paying tax. --(Interjection)-- Yeah.

MR. CHERNIACK: Mr. Chairman, only to the extent of the mileage they fly normally in Manitoba related to the total mileage, so that means that home-based Manitoba-based aircraft will be in no position other than, and I'll use the example again, Air Canada.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Let's assume, and I wouldn't even venture to say that there is any basis for the figures that I would use, but let's assume 50 new planes to 100 new planes are required for the development in the Pan-Arctic area. If they locate in Ontario, there won't be any cash

MR. SPIVAK, (cont'd.) payable on its purchase, on its overhaul facilities, on the repairs, on the production machinery . . . production machinery possibly, that's possible, but, in effect, if they locate in Ontario to service the area in the Arctic development, the Pan-Arctic, they will not pay tax. If they are in Manitoba, on the basis of the mileage flown in Manitoba, and of course what we want is we want the development of a pipe line from the Arctic through Manitoba, and we would want the facilities to be utilized in Manitoba, we would want the goods to be taken from Winnipeg and manufactured here, and sent up there; we would want all the development to occur in Manitoba, but they're going to be taxed whereas all they have to do is to locate in a jurisdiction next to us and in air miles probably be in the same position and in terms of some of the basic costs even cheaper.

Now, you know, Mr. Chairman, I may not have understood it completely when I first commenced the explanation, and I may very well be wrong in connection with an overhaul facility that is being provided, but it would seem to me that again we are putting Manitoba at a disadvantage. The Minister is laughing and I would be interested in hearing his comments.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: I wish the honourable member would think in terms of perspective and proportion. The five percent tax on the airline for its use, or its proportional use within Manitoba, is a tax based on the initial cost of the airline. This amount I would suggest to him is a much lesser amount than the cost of the gasoline or the fuel used to fly almost any distance at all, and if it is beneficial from the standpoint of air miles flown as to the consumption of the fuel itself, I suggest to him there's a tremendous difference there and that the saving of travelling let's say a hundred miles a trip less, is considerably more than the tax we're talking about. I think we have to always think in the sense of proportion to the tax we're talking about, and its impact on the user.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I think, though, again we have to talk realistically of what that tax will cost the regional air carrier because we're not talking in terms of the five percent as we suggested before. -- (Interjection)-- Well I'm not swinging around because I'm suggesting, as I suggested before, that with leasing arrangements, particularly with heavy financing arrangements, with the ability for an airline to grow, to be able to accommodate several dozen new planes, to be able to provide the Pan Arctic development with the kind of real potential that really can boggle the mind as to what development can occur, we're talking in terms of leasing arrangements, and lease-cost arrangements under this tax, much more than five percent. I would suggest that we're talking eight or ten percent. And I would suggest, as well, Mr. Chairman, that in this respect what we're doing is apparently penalizing an opportunity.

Now, again, it would seem to me that based on this that the direction then is to the regional carrier here and its location here and the method of taxing. I have mentioned once again, and I think the Minister is going to be faced with that situation, we are going to obviously have a case that will go to the Supreme Court because it's not likely that the government is going to be in a position to simply find themselves without an uncontested situation in this kind of particular case. If the Minister is going to be successful in this, I would think that other jurisdictions are going to do this, and I think we are probably into an area of new law and new taxing law, and I think that the government has to be prepared for the consequences. One wonders why we would want to focus all this attention on the air industry at this particular time. I question really the wisdom of what they are doing, and I'm questioning even its application, and I question, in view of the potential development on the horizon, that we put ourselves in this kind of a position.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman it seemed to me from what the Honourable Leader of the Opposition said, he concluded his remarks, it seems to me, that he's ready now to pass onto another matter, so let me just summarize if I'm right. It sounded like he was concluding the argument which we've been having for quite some time. The Manitoba-based company - oh all right I'll deal with two separate items. Manitoba based companies such as regional carrier, that the honourable member has been alluding to, will have an advantage when they do their own servicing as if their employees performed the services they would only be taxed on parts and not on the service according to, I am informed, Section 2, subsection 2, of the Act, which reads, not of the Act itself "notwithstanding any other provision of this Act for the purpose of this Act any accommodation facility or function provided or discharged by the employee for his

(MR. CHERNIACK Cont'd) . . . employers not a service sold at a retail sale by the employee to the employer" so apparently there's an advantage of which I admit I was not myself familiar with.

Now, the honourable member dealt with certain items, and I believe I answered him on those, the last one had to do with competition with carriers that may decide to be based outside of Manitoba to service the north. I think I answered that. He mentioned now the fact if we are successful then other provinces will do it. I can only say if they do then there will be created a uniformity - two are already in it, two very large ones are in it, we would be the third and if there are others as he suggests - - I believe Saskatchewan has that right now. I don't believe they're taxing it, but they do have it, so that there may be that.

He referred back to leasing, which is something we discussed sometime ago, about the regional carrier himself. I point out that interest is not a taxable item under the Act, that is on a purchase or a conditional sale. The portion of the interest in there is not a taxable item. But then, of course, the honourable member may say, the rental which must include interest may not stipulate interest and if it doesn't, then one doesn't know what it is exempt, and I agree with him. If, indeed, interest were stipulated in the contract, then it is not an item which is taxed - I forget the section but it is excluded from being included in the sale price. Item 218 dealing with the definition of sale price, sub 1, "Any charge whatsoever in connection with the transaction other than finance charges, carrying charges, or interest charges on conditional sales contracts." Now the honourable member seems to be briefed and he may then know just what he says when he says, "well the interest will be considerable." I don't know what Transair is paying by way of rental to Great Northern Capital Corporation Limited for the rental of the planes which were purchased for it by Great Northern Capital. I have no idea. I don't even know - according to the press report, Great Northern owns, or did own, according to this last report, 14 percent of Transair. Great Northern which is not in the business, I suppose, of building or operating airlines, financed, and I quote now from a press article in the Winnipeg Tribune on Saturday, April 29th, "The company has financed the acquisition of two Boeings 737 twin jet aircraft for \$9 million which are leased to Transair." I have no idea what the interest computation is in there, and of course it might be a matter interest for the -- I suppose when it comes to rate setting or for the shareholders of Transair to know what kind of charges they're paying to Great Northern Capital Corporation Limited for the leasing of the airlines, I don't know what interest they charge. It may be bank interest, it may be bond interest, or indeed it may be excessive interest, I don't know that. But as between that kind of a transaction surely it can be rewritten and rearranged in order to - and will be, not it can't be, it will be in order to attract the best tax position possible for the companies involved.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I have no idea of what arrangements, financial or otherwise, are involved with respect to Transair, but I think I can impress upon the Minister the reality that if the Pan Arctic development occurs, and there is a necessity for many many planes to be purchased, maybe even more . . .

MR. CHAIRMAN: Order, please. I would refer the honourable member to Beachesne Citation, Standing Order 34, Subsection 2, the Speaker or Chairman dealing with repetition, we've had the item of Pan Arctic. I think the honourable member should pursue a different tack. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, if we were fortunate to have the development occur through Manitoba, the likelihood is that there will be a requirement for many planes; the likelihood as well that there is not enough capitalization available for that kind of development, and the reality will be that there will be a leasing arrangement. I don't know what form that leasing arrangement will take but I do on the basis of what we are passing that the leasing arrangement will be taxed, and I know that there are other jurisdictions that do not tax, and therefore on that basis I would assume that there is an advantage to other jurisdictions. And while the Minister of Finance made reference to a particular section, what he's forgotten about is the production machinery section which we haven't dealt with, which we'll deal with in time, which will have the effect of adding to the cost of repair and overharul in Manitoba, and which will put us again in that position of being not competitive. Mr. Chairman, with other jurisdictions in total, in total, in terms of the total effect of the development and the potential here. Now the constitutional issue will be discussed later, and I'm not prepared to

(MR. SPIVAK Cont'd) . . . go into that, but I'm suggesting again, and we're going to conclude this because I don't think there's anything to be gained, that on the basis of what the Minister has suggested about Quebec particularly, and on the basis of his reference as to the committee on Friday, I don't think the government really at this point understands fully how Quebec law is applied to the aircraft and overhaul industry. And I think the Minister indicated that although he has the wording of the legislation from the tax and jurisdiction he doesn't understand it or know it. He made certain representations, and I don't want to go over that debate because that clause is already passed, which would indicate to me that whatever the wording of the Act is that its application couldn't possibly be in direct relationship to that wording because it would mean a very phenomenal tax being paid by the many airlines and many planes that come into Quebec. And I must put on record now because we are being asked to pass this and so far as I'm concerned while reference has been made to other jurisdictions, I am not satisfied that the government really understands what is happening in other jurisdictions; I am not satisfied as well that the Minister is in any position to explain in any detail what is taking place, that there is an assumption here that we are really being put in the same position as other areas, but I suggest that in reality we will probably be in a less competitive position than the other areas, and that he's not in a position to even -- given an undertaking at all to the House nor to this Committee, that in effect the manner and way in which the Acts are applied in the other jurisdictions with wording similar to what he is suggesting, will in fact put Manitoba in the same position as those other jurisdictions. I don't think he knows and I think we're being asked to pass this on the basis of what he thinks may be the case but he's not sure. And I wonder really whether this is good tax legislation by reference to other areas, particularly in a field in which we are going to obviously have a potential for growth and development which can easily pass Manitoba by and go to the adjoining provinces.

. . . continued on next page.

MR. CHAIRMAN: . . . Passed. Section 6. The Honourable Member for Churchill.

MR. BEARD: Mr. Chairman, I am not going to keep you too long. I'm rather intrigued on the leasing part, particularly on aircraft. I know you've heard a lot about it and I fortunately had the weekend to think about it but in my experience in the north really I don't believe that Manitoba as a whole -- the air industry has existed on leasing to any extent, nor has it really expanded because of leasing. And I don't think that leasing is an intricate part of the air industry as a whole. Certainly the pioneering of the air industry in Manitoba didn't take part, didn't take off because of leasing. It was purchasing. I think of leasing -- it has been my experience that leasing has been a convenience because the short term contracts in which it was advisable for small companies to lease rather than have to go to the expense of buying an aircraft or a number of aircraft for a small contract and it was better to pay a larger amount on a monthly base or a mileage base -- I believe it's a mileage base they lease on, and then they also lease on a trial basis to see whether the aircraft is what they wanted, or to get something in a hurry. So that they were prepared to pay for it as a convenience package. It was a convenience to them to use it until they could buy something, or use it to complete a small contract to turn over monies in a hurry, or to use to see whether the plane would suit the service field in which they wanted to enter into. I think leasing certainly proved to all that there was a profit in it for both.

The Minister wondered how much the interest charges were, etc. I don't know. But one thing I am sure that Great West are making money on the lease to Transair. You can bet your bottom dollar on that, and Transair have already proved that they have made money on their financial report. They have proved that they could make money through leasing on air - to aircraft.

Now I'm not going to try and to enter into a debate and say whether they could have made more by buying the aircraft or not but it is certainly evident that they are able to make money out of leasing the aircraft, and that is the name of the game in the aircraft industry as it is in any other industry. So I think that leasing is here. It's used. Transair have used it. They are using it in fact, Mr. Chairman, to service the north now, the far north. They have used the jet to service the Dew Line area, and it's satisfactory, and I think it will continue to be, but they made it abundantly clear when they bought and when they went into this leasing that the jets would not have been become - they could not have used them - had the jets, rather, if I can start over again. They would not have been able to enter into a contract to bring jet service to Manitoba alone on that basis. They had to have other areas to service and so consequently that's why they had the Toronto run, and then they added in the other charter services and such on. They used this as the reasons for having the jet service. So in fact really, northern Manitoba was their reason for being able to get not only the jet planes but the runs for Toronto, and such on. So leasing was good for Transair, and it will remain good I am sure in the future. Certainly I don't think that taxes will hurt them that much.

I say that keeping in mind that the point of the whole thing is we're trying to find money to give it back to those who are suffering from paying taxes on homes and such on. I suppose if we're going to transfer tax then we in Opposition have got to look at ourselves and say, what are we going to oppose? Are we going to oppose proper transfer of tax, or are we going to vote for things that we vote against tax just for the sake of voting against it.

This is something that I have considered over the weekend and really I suppose that the benefits that come from giving money back to people in the low wage brackets, income brackets, will offset that tax which is levied against industry because in the long run I'm sure that industry will pass it on to those that use the services and who else should pay really are those that use the service. And if it is that great the cost then, I presume that we will hear from the industry, and I have not had a call and perhaps I shouldn't say that too loud. I've not had a call yet and I have been home over the weekend and I didn't hide but there was no -- I didn't experience any -- (Interjection) -- Yes any flak on this.

Certainly it gives those people who have actually invested in the aircraft industry the benefits of owning their own planes, a better chance of competing properly, and I think this is important. Because any fly-by-nighter small operation can lease a plane and then bid against those who have invested large amounts in equipment. And I think we have to check into this when we're supporting leasing because there are those that have gone out on a limb and have expanded and spent a lot of money, such as Lambair and many of the others, who have in fact got the planes and who are prepared to go out and service the many areas of

(MR. BEARD cont'd) Canada.

So I think that there are two sides to this and I think that our regional carrier if they continue on will have the confidence, or win the confidence of the public finally, and if they do win the confidence of the public then they will too be able to finance their own planes. If their leasing is profit, and if the leasing that they are undergoing now gives them an opportunity to earn enough money to buy their own planes, but if their contract with Great Northern Capital is not one which allows them to grow and to become a healthy company, then they are only going to remain the tail rather than the dog.

And I'm afraid on these leasing things then in many cases there is a problem because after all Transair is a Manitoba company and Transair are the ones that we're interested in. Transair is in Manitoba, and we've looked at it as a Manitoba company and if they are being held back because of improper leasing arrangements that are holding them back financially, then that is the problem that they are strung with and held up with. But I would say that I would hope that they would be able to go out and take part in any developments, further developments in the north. They've proved that they can do it now with the equipment that they have got, and their new president has already announced he is prepared to go ahead with equipment specially manufactured to bring the air industry to that developing area north of us. So I think that Transair is on solid foundations and I would hope that they would be able to take advantage, and I would hope that some days that they will be - they will replace a great deal of what Air Canada took away from us a few years ago, and I hope that some of us will still be around to see that day happen. And I would hope that we could vote for them to grow and help them - assist to grow. I believe that they as good corporate citizens should be able to help spread the economy and contribute toward the economy of all Manitoba since they are expecting the confidence and the people of all of Manitoba to help them in their business on a day to day business.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I've listened to a lot of arguments this afternoon again. We're on Clause 6, as I understand, of the bill and I would think that with discussing the air industry that the Minister of Industry and Commerce would certainly be present and would make a contribution on this particular aspect of the bill.

I mentioned before that we've had an Air Policy Committee and that this committee was certainly striving to improve the situation and to entice other airlines and to make our airport truly an international airport.

I don't want to prolong the discussion here this afternoon but certainly I want to propose an amendment to the effect that we retain the present section (r) in the Act as it is presently in there and that we add the new Section (r) of the bill that is in Bill 21. I see no reason why we shouldn't have both of this because I think we're spending some of this money frivolously that we are collecting.

Today's paper gives a record of some of the programs under the LIFT Program and certainly from the article there, doesn't give too much promise of the money that is being spent. I know of other programs that we are contributing to which are certainly not much better.

Last year I know when we discussed the Estimates of the Minister of Education and he brought programs that had been approved for expenditures for the summer months, some of them certainly were very frivolous and certainly in my opinion didn't do anything for this province. I feel that when we develop programs of that type that they should be of value to the people of this province and that they should bring something lasting and valuable with them, and not just throw money away needlessly and then have to impose taxes like we're imposing today in order to provide additional funds to do so. I feel that this should not happen. Therefore I will move that this House consider the advisability of amending Clause 6 of Bill 21 by, 1., the retention of Section 4(1)(r) of the Act; and 2., that the present section (r) of Clause 6 of Bill 21 be renumbered (r)(1).

MR. CHAIRMAN: The Honourable House Leader.

MR. PAULLEY: Mr. Chairman, I don't know whether, Sir, you would be desirable of reading the motion of my honourable friend before I make my comment. If this is what you would like then I would take my seat till . . .

MR. CHAIRMAN: Yes, I would read the motion first. . . . moved by the Honourable Member for Rhineland that this House consider the advisability of amending Clause 6 of

(MR. CHAIRMAN cont'd) of Bill 21 by the retention of Section 4(1)(r) of the Act, and that the present Section (r) of Clause 6 Bill 21 be renumbered (r)(1).

MR. PAULLEY: Mr. Speaker, if I may on a point of order, I can appreciate the desire of my Honourable friend the Member for Rhineland but it is my understanding of the rules of procedure that the only methodology that my honourable friend can use is not by -- when we're in Committee of the Whole House, is not by an abstract resolution such as he has proposed, but voting against, but by voting against the resolution or the section as proposed by the Minister of Finance. My honourable friend has opportunities in other considerations to -- (Interjection) -- My honourable friend has other occasions on which this can be done, and may I say to my honourable friend, Mr. Chairman, if I may through you, he has interjected that we should know, we did it ourselves. I agree with him most heartedly that we attempted to do it ourselves but the Chairman of the committee at that time ruled that we were out of order too. So I say to my honourable friend, we tried in vain and I suggest to my honourable friend he, too, is trying in vain.

MR. FROESE: On a point of order, I remember too well that when the original Act was passed that amendments were made time and again of the same type that I'm proposing here this afternoon and that they were quite in order.

MR. CHAIRMAN: The Honourable Member for Inkster on the same point of order?

MR. SIDNEY GREEN, Q. C. (Inkster): Yes, Mr. Speaker. I seldom find myself agreeing with the Honourable Member for Rhineland and disagreeing with my desk-mate here because his memory is usually faultless, but my recollection is that when the sales tax legislation was introduced that the government at that time, and I know of no reason why they did it, but they acceded to Opposition amendments to a bill which were framed in the words "consider the advisability of". At that time I thought it was wrong because what we are doing is amending the wording of a bill and a bill can't be passed which would then read "consider the advisability of", and if my honourable friend will let me continue with my recollection, that in the following year when we became the government a tax bill was introduced and an amendment was introduced with those words "to consider the advisability of". At that time the government disagreed with the wording and the Chair ruled that those words could not be introduced to a bill because a bill could not be passed with section 4, subsection so-and-so, the government consider the advisability of doing the following things - and therefore my colleague is right that it was subsequently ruled out of order but I believe that the Member for Rhineland is right that when we were on that side we did introduce it; I think that the government was so sensitive of about introducing a sales tax that they didn't want to rule out amendments of that kind, and they permitted the amendments to come through, but I felt it wasn't in order at that time and it subsequently has been ruled out of order by the Chair during, Mr. Chairman, one or other of the last two sessions of the Legislature, and I am sure that a check of Hansard will confirm that this session, an amendment of that type -- not this session but this Legislature -- an amendment of that type has been ruled to be out of order. And it only makes sense, Mr. Chairman, if the amendment were ruled in order and were passed, then that's how the bill would read and there is no legislation that can read in that way.

MR. CHAIRMAN: The Honourable Member for Rhineland on that same point of order?

MR. FROESE: On that same point of order I think the motion is quite in order but sure if this House considered that they would pass this motion then a further motion would follow from the government side

MR. GREEN: On that basis the honourable member is saying that a member who is not in the Treasury Branch can succeed in changing tax legislation which is the purpose for having it ruled out of order. You cannot do through the back door what you can't get through the front door. You just can't do that.

MR. CHAIRMAN: Order, please. I have studied the motion and listened to the points of orders on both sides of the House and I am ruling the proposed motion of the Honourable Member for Rhineland out of order.

The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I just have a few questions at this time. I know that perhaps all parties have received a letter from the Manitoba Aviation Council which expresses real concern about a clause in Bill 21 in respect to tax on lease of planes, and that's the question I wish to raise at this time. What will happen to our polar flights? Will this in any

(MR. PATRICK cont'd) way, this bill or tax on lease of planes, or lease of equipment, because the way I understand it, most of your polar flights that any clubs or organizations, say, organize a flight overseas, and most of them originate or go through our polar route, will they increase, or the assessment in this area, will it have any effect on these polar flights? If it does, I think that we may be getting ourselves into a situation which we don't want to because surely it may be much easier for these flights to go south, or go any other way instead of the polar route which the tax is based on the mileage basis. So this may have real repercussions in the long run. I wonder if the Minister has met with any of the companies, Transair, or some of the others. I know that Lambair, that a couple of the gentlemen I've been talking about, they lease quite a few of their planes and in my opinion they provide a tremendous service in the northern area and again I don't know how viable their operations are and any extra burden that we place on these people, on these small operations, we may really put them in a very precarious position.

So my question to the Minister is, what effect it would have on our polar flights that originate within the city that are -- I understand that most chartered flights, that's what happens when any organizations or clubs that take flights, they usually become chartered flights, and on those basis the chartered flights then become a lease operation, so naturally there would be a tax on the mileage basis and if it's a tax on the mileage basis I think it may be a detriment, because I know for years the New Democratic Party, as well as everybody else in this House, have argued and debated and talked about that we have to increase the polar flights through Manitoba. And if this is what we want there may be something in this that will have a very detrimental effect on the polar flights through Manitoba. So I would say or I would like to know from the Minister, has he met with some of these people? I know that the Manitoba Aviation Council protests against one of the sections in Bill 21 and I don't think we should do anything at this time that would be detrimental to the aviation system..

The other point that I believe was brought up in the House that if the McKenzie Valley Pipe Line will ever become a reality -- it may be a few years from now -- but I'm sure the job opportunities for many airlines will be great and if we place a certain burden on our people here for leasing their equipment, and so on, well naturally they will not be in a favourable position to compete say with operators from Alberta which they may not have a tax on lease of aircraft, or lease of certain equipment. So I don't think that we should do anything that may have a detrimental effect on our northern operators like Lambair or say that would decrease at the present time any of our polar flights that we have in Manitoba at the present time.

MR. DEPUTY CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, or Mr. Chairman rather, I'd like to enter very briefly into the debate that is taking place with respect to this bill and with respect to the questions raised by the Honourable the Member for Assiniboia. I'm sure that the Minister sponsoring the bill will want to take a bit of time to deal with the questions, although I suspect that he will not want to take too much time since -- (Interjection) -- No, surely, surely the Member for Assiniboia must assume logically that the section is intended, and does in fact provide by ordinary common sense interpretation that we're not making any distinction as to whether the aircraft flies in an east west direction or flies in a diagonal south west to north east direction in a polar flight, or whatever.

If there are problems that are faced by western Canadians with respect to Trans Atlantic flights, and western Canadians do pay in a sense a penalty and have been for many years, it is because of the peculiar nature of the International Air Traffic Agreements that Canada has, though we understand entered into reluctantly because of the way in which the international air traffic rates are set, sort of by an international club arrangement, and we have in our Federal Government -- I must say to their credit -- over the years has, so we're told, tried to get some redress for western Canadians because as the honourable member knows, the cost of a Transatlantic fare from Winnipeg to London on a polar flight is greater than it is from Montreal to London and yet the air distance, there isn't any significant differential. But I don't want to digress too much, Mr. Chairman.

The Honourable Members for Assiniboia, Rhineland, the Leader of the Opposition, all, in different words, have been trying to make pretty well the same point and that is that by passing this section which will have the effect of deleting Section (r) of the existing Sales Tax

(MR. SCHREYER cont'd) Act that we will somehow be jeopardizing Manitoba's capability to have the local air industry enter into commercial service arrangements for the building of the pipeline that is anticipated will be built some time in the decade of the 70's.

Well I'm not denying or disputing the assumption that sometime later in this decade there may well be work commenced on the construction of a Canadian route pipeline from the northern, from the high Arctic in the Northwest Territories to bring petroleum product to the southern Canadian market and presumably the U. S. midwest market, and so on. However realistically speaking, we must acknowledge the fact that the Federal Government which will have the major part of the say in these matters, if not all of it, they are far from any definitive position as to if a pipeline will be built, when it will be built, the route it will follow, and so on. They have not even got to the point yet, Mr. Chairman, where any regulations have been drafted with respect to any aspect of the construction of this hoped for and anticipated major pipeline project. Let us assume it will be proceeded with a few years from now.

If the Member for Assiniboia has some great uneasiness about Manitoba not being able to compete with other provinces in respect to basing a local industry here that will somehow get involved commercially in supplying this by way of support service, etc., supplying this pipeline project, I tell him that he has among other people to thank the Federal-Liberal Government for that because, as he may have noticed in the papers on Friday or Saturday, the Prime Minister indicated that the Federal Government was going to finance in whole, or in large part, the building of -- the extending of a road from Pine Point or Hay River somewhere around latitude 60, northern Alberta, or the southern extremity of the Northwest Territories, all the way north along the McKenzie Valley to the Arctic coast itself. I don't quarrel with this Federal Government intention but if it does jeopardize Manitoba's prospects with respect to getting all of the business of supports, commercial support service for this pipeline project, then he should take that up with his Liberal counterparts in Ottawa because certainly that course of action will not augur very well for Manitoba and the prospects for any Manitoba based air industry.

However realistically, Mr. Chairman, I rather suspect that if that pipeline project is proceeded with later in this decade that the first half of it going from north to south will be serviced and supplied from a base somewhere in northern Alberta, or in the southern part of the Northwest Territories, and that assuming it comes on a southeasterly direction, when it comes into the area of Manitoba itself, I see no reason why any local based aircraft supply firm would be disadvantaged. I believe my colleague the Minister of Finance has already said that air distance itself is a major factor. I rather suspect that my honourable friends are not aware of the fact that one other very large factor that will be calculated by the air carrier, or air carriers, will be the cost of aviation fuel and Manitoba it so happens has a lower rate of taxation on aviation fuel than the Province of Ontario.

And I think the Member for Rhineland who likes to do mental arithmetic will readily agree that a one cent a gallon differential - favourable differential in terms of aircraft or aviation fuel - will given the nature of modern large aircraft and their fuel consumption, a one cent a gallon differential will more than offset whatever concerns he may have about the fact that we want to delete section or subsection (r) of the present Sales Tax Act. So I suggest to him that he ponder that particular specific point for a while before he gets himself too excited about the fact that we wish to delete (r).

And in any case there is also the aspect of equity, Mr. Chairman. You know when the previous Conservative administration passed the Sales Tax Act -- I gather this was early in 1966 or 67 -- (Interjection) -- provision was made to tax the purchase and lease price of aircraft under the Sales Tax Act, aircraft used within Manitoba, all aircraft used "intra" within the province. And therefore that means that aircraft, air carriers, all the third tier air carriers - so-called third tier carriers, such as Lambair, Riverton-Ilford, Parsons, all of the Manitoba based small carriers, have been taxed for purchase or lease costs of acquiring aircraft ever since 1967. I don't really understand fully why the members should have this great solicitude about any aircraft, or air carrier rather, that is operating on a nationwide if not international or large regional basis. If we've been taxing our intra provincial carriers for the past, well ever since 1967. Now if you want to use the argument that this will somehow militate against northern development, well I certainly discount that argument because we have been since 1967 taxing many of the carriers that operate in and around and about the north. Furthermore I've already explained that there is a one cent per gallon favourable

(MR. SCHREYER cont'd) . . . differential for aviation fuel between Manitoba and Ontario, that that coupled with the extra air distance from trying to supply a pipe line project by working out of Ontario will more than offset any possible advantages of tax savings with respect to this particular subsection. So for all those reasons, Mr. Chairman, I really think that the Honourable Member for Rhineland, the Leader for the Opposition, the Member for Assiniboia, have not made a particularly convincing case. I don't know whether the Member for Rhineland or Assiniboia ever did attempt to make a case with respect to the total exemption of purchase or lease of aircraft used within the province, because if they wish to be consistent then they ought to have argued for the exclusion of that category as well, but as I say it's been taxed for five years now.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I wish to thank the Honourable First Minister for his answer I think that I have not taken much time in this House on this bill. I believe that this is the second time I rose to speak on it, and I've taken very little time and I think my questions were most legitimate and appropriate because it is a concern to the people in the aviation business, there has been some correspondence and there has been some phone calls, so my question was: What communication the Finance Minister had with these people because they're concerned? I think it's important because if it will -- I'm not knowledgeable in the air industry or aviation field to know what effect it will have but surely the Finance Minister must have had some communication and can tell us what effect it will, because talking about the road and the pipeline through the McKenzie certainly is a very legitimate question because I know the Government of Alberta is very excited, very enthused about the development. In fact some couple of weeks ago they had front page, a whole front page coverage on it that one of their ministers had some meetings with the federal people in respect to this area, and apparently have much more information than we have, and I believe the First Minister will recollect that two or three weeks ago I questioned him before the Orders of the Day in the same manner if there was any communication with the Federal Government. Perhaps we haven't got all the information in Manitoba that they have in Alberta. I'm sure that it is an exciting program.

But my main concern was what effect it will have on the small companies, what effect it will have on the Polar flights, and I think that these are certainly -- (Interjection) -- well according to the newspaper articles, I know that one of the ministers in Alberta had stated that they had a meeting with the federal people -- I don't know if it was with the Cabinet or the Minister, or one of the ministers, and he said that the program is very exciting and they're quite enthused about it, and that it will come to fruition, which in Manitoba we haven't got that much knowledge at all, that it will come to fruition at all, we don't know if it will in the next few years but somehow . . .

MR. SCHREYER: The Prime Minister said just that last Friday that there's been no decision taken. He said it in Edmonton.

MR. PATRICK: Well, my concern is that we shouldn't do anything that may jeopardize our own people in the Province and that was -- I wasn't being critical of the government, but I'm saying that we should try, and it's our right to elicit this type of information, and I hope that the Finance Minister can tell us if he had any meetings with people in the aviation industry or not, because they seem to be concerned. They have expressed that opinion to us, and this is why I am concerned, and I'm posing these questions to the Finance Minister.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I would be interested in knowing if the Honourable Member for Assiniboia or members of his party have had any approaches to them by the aviation industry? -- (Interjection) -- By the industry that he's asking about, the aeronautics industry? The answer is yes. Mr. Chairman, I have not heard from the, any carriers whatsoever since the Budget date of April 6th when I announced that we were intending to impose a tax on aircraft, I have not heard. I have just seen a telegram, a copy of which was sent to the Premier today, but I have not heard from them at all.

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

MR. MCGILL: Mr. Chairman, with respect to the explanations given by the First Minister, and to ensure that I heard them properly, I'd just like to review what he said about the affect of these proposed changes on northern Manitoba. I took him to say that the changes would not seriously affect the costs of air transportation in Northern Manitoba because the carriers had been paying the sales taxes since 1967. Now, Mr. Chairman, is the First

(MR. MCGILL cont'd) Minister saying that Transair has been paying a sales tax on the leases of their Boeing 737's, and their YS-11's which are also operating on out-of-province routes?

MR. SCHREYER: No, Mr. Speaker, I didn't say that at all. I said that all third tier carriers that are operating intra-provincially operating within the Province servicing many different communities in the north, particularly the smaller communities, that they have been subject to this very same tax since 1967, and one would have assumed that even the regional carrier, Transair, that certain classes of its aircraft really are not used in the normal course on interprovincial commercial traffic, yet I suppose that a liberal interpretation of the 1967 legislation where the reference is to an aircraft normally engaged in interprovincial or foreign trade, that they could use an older aircraft, smaller aircraft, only once in a seldom while, on an interprovincial run, and thus qualify for the exemption from the tax, so it has lent itself I suppose to that kind of an interpretation. But I frankly am a little puzzled by this solicitude about what the effect of this will be on northern Manitoba when the fact is that those carriers working entirely within northern Manitoba have been subject to these taxes, and have paid them, and of course we know that they have paid them.

What we have tried to do is provide for greater and more beneficial air service in the north by means of building airstrips, and I can tell the honourable member that the airstrip construction program to first of all build them, and then all-weather the surface of these landing strips has been carried forward, not in a casual nonchalant way, but has been proceeded with on, perhaps not on a crash basis, but certainly as a relatively high priority program, and you know a few million dollars have been spent for this purpose to enhance air service capability in northern Manitoba.

So that, plus the fact that there is a favorable differential in the tax on aviation fuel as between Manitoba and Ontario, Manitoba and Saskatchewan, should put some of my honourable friends' concerns to rest.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, then the tier two carrier, is now going to pay on the scheduled run aircraft an additional amount I would estimate, I think the Minister of Finance estimated to be \$40,000, and I'm suggesting that the major effect of this is in northern Manitoba transportation costs because that's where the level two carrier gets most of its revenue, and if they have operating costs now increasing, they're going to have to apply those in the areas where most of their revenue comes from. So for the First Minister to say that this will not have an effect on transportation costs and transportation is the basic commodity in the development of the north, then I think that is not quite the proper interpretation of this correction.

MR. CHAIRMAN: Clause 6 -- passed. Clause 7 -- passed. Clause 8 -- passed. Clause 9, Subsection (cc) . . .

The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, I don't expect to, I don't intend to hold up this bill on this clause for any length of time but seeing that taxation legislation is usually so complicated by itself, leave alone that a person like myself finds it very very hard to diagnose or to get the meaning of the bill, in this case at least I think I understand this section. But while the amounts involved are appreciated that some consideration is being given but having had quite a few years of experience in the auctioneering I must say that if and when the government is proposing at this time that \$25.00 is supposed to be taken off on used clothing, or may be exempt, I think they should have gone all the way as far as used clothing is concerned. It's not so much the amount involved, I don't think, but it's the people that already seemed to have got hit and . . . in so many different ways, that I wish this clause could have read different and taken the complete exemption on used, the tax on used clothing.

I'm not sure, I think the Minister indicated earlier the other point that I wish to bring up, but just to confirm what he did say, as far as used clothing this may not apply to that much but it would apply in the case of used furniture. Quite often people will buy two or three different pieces of furniture, for example, at an auction sale, or elsewhere for that matter, and did I understand him correctly that the first \$25.00 was tax exempt on each article. Is this correct? Did I understand that right?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: No Mr. Chairman, as I understand it, it's per invoice, is that correct?

MR. CHAIRMAN: Section (cc) -- The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Well, Mr. Chairman, briefly on this section I tend to concur with the Honourable Member for La Verendrye who just spoke. He speaks certainly from the practical experience that one gains from auctioneering and from attending many country sales, and really one must consider the advisability of -- (Interjection) -- one must consider the advisability of leaving, or writing this kind of legislation when you're already halfway in or out of the soup.

I have a few specific questions that I would like to ask the Minister at this time, Mr. Chairman. One has to do with the point already raised by my honourable friend and colleague the Member from Riel about why not -- changing the children's allowance clothing. I think it's one that was debated for some length when the original Act was brought in. I rather suspect, Mr. Chairman, that we, and I can recall being part of that debate in the Cabinet that I served at that time, we tended to allow in my judgment to let the administrative difficulties rule us, whereas our heart and head should have perhaps allowed us to have ruled, no matter if the administrative problems were undoubtedly made somewhat more difficult. I think the question of allowing children tax-free clothing on proof of age, or by the proof of age submissions, or simply the accompaniment of a parent who's buying such clothing for the said child, really has merit, that consideration really has merit. Again, you're opening up this section of the Act dealing with clothing, and making certain exemptions and then I would certainly consider asking the Minister very seriously whether or not he doesn't want to reconsider that part of it. Bearing in mind, Mr. Chairman, that it was a year ago, I suppose, that a resolution was put forward in this House calling for the same measure, it was to my knowledge unanimously adopted, supported by the members of the government as well.

Well, Mr. Chairman, they now have the occasion to deal with the Act; they are working with the Act; they are working with the Act; they are making the changes. I would consider some of the possible administration difficulties that they face in keeping shifty farm auctioneers like the Member from La Verendrye here totally in line about whether or not he's selling used clothing and footwear, and what particular, and you know, the little bookwork that has to take place. I know what happens. I'm sure the administration simply doesn't take that hard a look at the law under these circumstances, certainly where the bills of sales are made out above the dollar values as indicated is payable in tax will be paid.

I'm suggesting to you, Mr. Chairman, to the Minister, Mr. Chairman, through you, that we should be able to be flexible enough to allow a mother or father to accompany his son or daughter into a department store, and on a simple statement of age, or even allow the child itself by proof of age, by various proofs of age that we now have, student identity cards and so forth, to purchase clothing.

Another particular area that I would ask, and I've only -- the only other one I realize, Mr. Chairman, that I suppose I could wait until we're further down the list, but I'll ask it now, it'll give the Minister a little bit of time to ponder the question with respect to exemption of farm horses, and a further definition of farm horses. I am taking it to believe essentially the exclusion is farm horses versus race horses, or trotting horses and so forth. I am wondering whether or not the Minister has in mind including under this exemption the mares used on a considerable number of Manitoba farms for the PMU program, that is our Manitoba based estrogen plant operation, a collection of pregnant mare's urine. These are truly animals of production now. It's questionable whether they're production for agricultural purposes. I understand the product goes essentially into the production of cosmetics and of these birth control pills, neither of them -- which are somewhat removed from agriculture. But to the Minister just a clarification that the exemption here of farm horses, farm horses does include those mares frankly in a contract under this program.

Mr. Chairman, I had a rather lengthy speech devoted to Section (hh) of the Act but I'll forego that at this particular time because time is really not available to me.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BARKMAN: Before the Minister answers, I thought perhaps the Member from

(MR. BARKMAN cont'd) Lakeside would go into more detail in some of the items, but I was just wondering when only \$5.00 is considered as far as footwear is concerned, I guess the Minister is going to suggest to me as far as an auctioneer is concerned to sell one shoe at a time.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I'll take that question seriously and I would tell the honourable member -- no, I don't want to make a joke out of it. I suppose the obvious answer would be to a one-legged man but that's not funny, so I won't even respond because I don't want to make a joke of that.

The item of children's clothing referred to by the Member for Lakeside has been discussed, unfortunately in his absence. I have responded. May I only summarize it very briefly by saying we did spend I would say a number of hours in discussing it and we did come to conclusion that it was one way or the other, and there would be abuse either way and we -- or unfairness. There's no abuse. This way there's unfairness which I admit and not all tax statutes are fair in their impact on individuals, and I explained at much greater length that we were not prepared to do it.

Farm horses: he's quite right in saying that the difference would be as between race horses and frankly my own reaction would have been that the PMU horses are not farm horses but I got a signal from above that indeed they are and therefore they would be exempt, and they would be exempt either by class or by use. I am told that farm horses are the best horses for PMU industry.

MR. CHAIRMAN: Clause 9, Section (cc) -- passed; (dd) -- passed; (ee) -- passed; (ff) -- passed; (gg) -- The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I was going to propose an amendment on this Section and I'll put it anyway and most likely you'll be ruling it out of order again on certain grounds, but I think it will bring to mind . . .

MR. CHAIRMAN: Is this dealing with (gg)?

MR. FROESE: Yes, I move that this House consider the advisability of amending Clause 9 of subsection 1 of Section 4 by adding at the end of sub-clause (gg) "and farm mules". Mr. Chairman, this might seem humorous but I am sure that where you have an auction sale and you'll be selling horses, you'll be taxing the horses, you'll be selling a mule and you'll collect the tax. This certainly sounds unreasonable to me and I am sure that the government should at least give this consideration to this Act to include farm mules under this section.

MR. ENNS: Mr. Chairman, maybe I can help the Minister out by indicating to him that I know of at least on one or two specific instances where mules are used in the production line I already previously referred to, so possibly under the covering of that they would be excluded.

MR. FROESE: Mr. Chairman, on that very point, we were claiming that farm horses are used for farm purposes. I know in the former days steers were used too to draw those very . . . implements and mules as well, so I'm sure they wouldn't allow steers to come under this because then certainly the exemption would be very great and they would not consider it. But I think they should consider farm mules.

MR. CHAIRMAN: Unfortunately the wording of this amendment is in the same context as the one that I have previously ruled out of order and I rule it out of order. (The remainder of Clause 9 was read and passed.) Clause 10 . . . The Honourable Member for Rhineland.

MR. FROESE: I wonder if the Minister could explain by deleting the gasoline tax and the motor fuel tax from this particular section. Does that mean that additional tax will not be collected in the way of a sales tax on gasoline and . . .

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Well you have to take 10 with 11 and 12 which apparently -- no 11, which apparently was needed in order to tax lighter fluids that are sold commercially for cigarette lighters. That is the reason that description is taken out but then it was necessary to add the sections referred to in Section 11 -- (Interjection) -- pardon? It does add tax onto -- well it puts the tax on lighter fluids which were previously exempt because they happen to come under the gasoline and motor fuel exemption. But I don't think -- well I am told that it was never intended they should be exempt but they came to be exempt because of interpretation.

MR. CHAIRMAN: The Honourable Member for Churchill.

MR. BEARD: Thank you, Mr. Chairman. I suppose this is where to get a pitch in on

(MR. BEARD cont'd) taxation of gas. I just want to mention again the fact that in many of the communities particularly the isolated communities where they're paying \$1.50 or \$1.75 for gas, that I wish the government would reconsider their policies and see what could be done about lifting the gas tax in those areas. I know they like to think of the tax going into consolidated funds but the unhappy situation is that this cost is high and I'm sure that if they wanted to remove the pollution problem in the rest of Manitoba and to reduce the cost in highways from 40 or 50 million dollars down to one million they could do it by raising the cost of gasoline to \$1.50 or \$1.75 a gallon. You may end up with a revolution on your hands but you would then be putting up with the same problem they have in these isolated communities and it's unfortunate that we live in a province that can allow this or has to allow this to happen, and it has continued to be such over the many years and we turned a blind eye towards it. It seems there's nothing that we can do to help and while I know that there are -- they can say that they are contributing towards winter roads, etc., still that cost of gasoline is very high and a reduction even on the gasoline tax would help these communities and I think it should be something that if it can't be done now should be considered in the very near future.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: I think the Honourable Member knows that we've been looking at the problem. It's a problem which I think he admitted in what he said does not really, is not really helped by a removal or reduction in the gasoline tax, the cost, the high cost is still there. We have, as the honourable member knows, reduced or eliminated the tax for use by trappers and hunters, fishermen. I don't pretend that that has made such a big impact on them. I recognize the problem I don't deny it or shove it off. I just don't think that this in itself is the answer but it's one problem that is with us still.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, in this brief little representations by the members for Churchill and the Minister kind of underlines the inconsistencies of both. A moment ago the Member for Churchill expressed a general view that he at least indicated to me that he was of little or -- had little concern for the additional tax on the aircraft, and which is essentially the transportation method for the north, and now he expresses a very true and deep concern about the high cost of a major commodity, gas in the north, and I certainly concur with him.

I think it is an area that while I appreciate that we certainly didn't solve the problem while we had an opportunity perhaps to do so, one that perhaps should be given far greater consideration particularly as the years go by, or at this particular time as there is so much more movement, so much more activity taking place, and so much more in the way of machinery that uses gas in the north and subsequently of course, finding people that much more dependent on its use. But Mr. Chairman, on the one hand to completely ignore the point that we've been making in Opposition generally with respect to this aspect of the bill and particularly that this is - cannot but help to increase what the Minister of Finance just now admitted was essentially the bigger problem of the north, namely the cost of transportation, then to proceed with taxing, or placing additional taxation, no matter how small or how big it is, on that already very sensitive area, Mr. Chairman, you know, tells me at least that somebody isn't doing their thinking.

MR. CHAIRMAN: The hour being 5:30 - Section 10 -- . . .

MR. BEARD: You're saved by the bell, Harry.

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