

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Tuesday, May 2, 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 70 students of Grade 11 standing of the West Kildonan Collegiate. These students are under the direction of Messrs. Klassen and Butler. This school is located in the constituency of the Honourable Member for Seven Oaks, the Minister of Colleges and Universities.

We also have 6 students of Grade 9 standing of the Sansome Junior High School. These students are under the direction of Mr. Bayduck. This school is located in the constituency of the Honourable Member for Assiniboia.

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

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports.
The Honourable Minister of Industry and Commerce.

TABLING OF REPORTS

HON. LEONARD S. EVANS (Minister of Industry and Commerce)(Brandon East): Mr. Speaker, I'd like to table a report on the high water levels along the Carrot River in Manitoba. I have copies for all members of the House.

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs)(Selkirk): Mr. Speaker, I'd like to take this opportunity to table the report of the Manitoba Housing and Renewal Corporation 1970/1971.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? Notices of Motion; Introduction of Bills; 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 for the First Minister. I wonder whether he can indicate whether the government has any intention of doing anything with respect to Versatile's announcement that it will be building and expanding its operation in North Dakota and not in Manitoba?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier)(Rossmere): Mr. Speaker, I did have a meeting with principals of Versatile recently - only a matter of ten days, two weeks ago. At that time the indication was that there was dissatisfaction in the eyes of the principals of Versatile with respect to Canadian tax laws generally. And also I should indicate to the Honourable Leader of the Opposition that the company was impressed with the opportunities available to it, according to its interpretation, under the new American DIESC Program, which very program is the subject of some contention even now between the Government of Canada and the United States. But assuming those are the main reasons, it is something which doesn't fall exclusively or not even in a majority way within the purview of the Government of the Province of Manitoba.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder then if the First Minister can indicate that no action will be taken by the government to see to it that the hundred jobs are in fact developed and created in Manitoba?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, if the honourable member's insinuation is that the jobs that are in place now at the present operation of Versatile here in Manitoba, then I must dismiss the assumption of his question.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder if the First Minister then can indicate to the House whether there'll be any changes in the proposed production machinery tax which may alleviate the increased cost in Manitoba and thus provide the jobs . . .

MR. SPEAKER: Order, please. Order, please. The honourable member is debating the question. I do believe the question is also being discussed under a section of our procedure which is called Bill 21 and therefore it's out of order, the Honourable Member for Portage la Prairie.

MATTERS OF URGENCY AND GRIEVANCES

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I beg to move, seconded by the Member for Assiniboia, that the House do now adjourn to discuss a matter of urgent public importance, namely the disastrous new policy of purchasing 113 school buses without taking into account, as stated in Section 7, of the Government Purchases Act, Cap. (g) 90 "(a) All purchases shall be made in the most economical manner possible; (b) Competitive offers shall be obtained by public tender or otherwise for all supplies wherever possible; (c) All such offers shall be tabulated for ready reference for presentation to the Minister of the department affected; (d) Wherever possible, qualities and price being equal, products or manufacturers of the Province of Manitoba shall be purchased; (e) In every case the lowest bidder, quality and terms of delivery being satisfactory, shall receive the order.

And whereas this new purchasing policy may now mean the end to the most economical method of spending the taxpayers money for the government needed supplies;

And whereas the government may be in contempt of the law which would mean the invoking of Section 6 of the Government Purchases Act, Cap. (g) 90, requiring that the official who gave the order to purchase shall personally be charged with any excessive cost to the government on the said purchase;

And whereas the government purchasing agent or his assistant has not made public good and sufficient reason that he is of the opinion that it would not be in the public interest for the lowest quotation to be considered as stated in Section 14 of the Government Purchases Act, Cap. (g) 90.

And whereas the government purchasing agent or his assistant by law was unable to make this statement because no competitive bids were taken.

MR. SPEAKER: I thank the honourable member for giving me notice of this question as required under our Rule 27. I should also like to indicate that all members, in case their memory needs refreshing, our new rules now call for a five minute explanation by the mover and a five minute explanation by each of the parties in order to see whether they wish to have this motion brought before the House before the Speaker makes a ruling.

Therefore the Honourable Member for Portage la Prairie may indicate why he thinks his resolution should be debated now.

MR. G. JOHNSTON: Mr. Speaker, yesterday was the first time this House heard a statement from the government on the matter. It's true there was a newspaper story on the weekend, but in the two references made yesterday in the House, there were conflicting references. A reference was made by the Attorney-General that - and I quote from today's Tribune - "that this procedure was taken only after competitive bids were received." This is while not a direct quotation, it is in the story and the title of the story is "Mackling Clarifies Bus Deal". Now in the Winnipeg Free Press today, the Premier is quoted as having said "but tenders were called last year and the government" - excuse me, Mr. Speaker - this is referring to the Premier speaking in an interview outside the House: "But tenders were called last year and the government checked out the prices in other provinces this year only to find that there had been no significant difference from last year."

Mr. Speaker, we have the Premier saying that they are acting on year old information, that they are going by bids that were called last year. The other article that I quoted to you, Sir, quotes the Attorney-General saying that competitive bids had been taken, although not in what year. So my method for raising it in this manner, Mr. Speaker . . .

MR. SPEAKER: Order, please. The Honourable Attorney-General on a point of order.

HON. A. H. MACKLING, Q. C. (Attorney-General) (St. James): I'm rising on a point of order, Mr. Speaker. I want to make it clear that I haven't had an opportunity to read the article that the honourable member refers to but . . .

MR. SPEAKER: Order, please. Order, please. The honourable member is starting to debate the question. Would he place his point of order.

MR. MACKLING: On the point of order, Mr. Speaker. The honourable member suggests that a newspaper records a stated fact alluded to me which I deny, and that is the point of order.

MR. SPEAKER: Order, please. I should like to indicate to the Honourable Member for Portage la Prairie that at the present time he is debating the merit of entertaining and changing our procedure that's called for today. I shall not entertain any debate on the subject matter, the relevancy or irrelevancy. I want to know why we should change our procedure at the present time. That's his five minutes.

MR. G. JOHNSTON: Mr. Speaker, under our rules a matter of urgent public importance must be raised at the earliest opportunity. I submit to you, Sir, that Monday was not the earliest opportunity because members of the House did not know about the matter excepting for a news story in Saturday's paper. After certain Ministers on the other side made statements yesterday, members of the House and the public became aware of the emergency, or the matter that I bring up at this time. Hence no member in this House could give you an hour's notice, Sir, yesterday and bring the matter forward then. And I suggest to you that today is the earliest opportunity that this matter can be discussed.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, this is an emergency debate, or a request for an emergency debate because of realistically the statements that were made by the Attorney-General yesterday in answer to questions by myself. He suggested the tendering practices of the province have not been changed. On the basis of the information that we have been able to obtain, the tendering practices of the government are in fact changed, and in fact the law has been broken, and that this, I believe warrants this House dealing with this matter at this time.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, as I understand the rule of the House with respect to whether or not a matter should be brought before the House by way of a motion to adjourn in order to discuss a matter of urgent public importance, it becomes necessary to determine two things. First of all whether the matter is in fact urgent and secondly, whether - and this sometimes is lost sight of - whether it is urgent that debate take place. And with respect to the subject matter that has been brought before the House now by the Honourable Member for Portage la Prairie, I certainly would submit, Sir, that there is no urgency that debate take place at this particular time. There are other vehicles for the expressing of policy views by members opposite. There is, for example, the Estimates of the Department of Education, the Estimates of the Department of Industry and Commerce, one or the other, at which time the subject matter as raised by the Member for Portage could be raised and discussed and debated at some length.

So on that point primarily, Mr. Speaker, I would submit that there is no urgency that debate take place. So far as whether or not the subject matter is urgent in itself, if urgency connotes that it must be dealt with immediately otherwise some great disservice will take place, there again, Sir, it does not have time urgency, it may have gravity and importance but it is not urgent in a time sense.

MR. SPEAKER: Thank you. Order, please. Order, please. The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): On a point of order. The statement made, I think it is incorrect. Estimates will be delayed . . .

MR. SPEAKER: Order, please. Order, please. Would the honourable member state his point of order.

I thank the honourable members for their contribution in respect to the procedure on this question. The motion to discuss a matter of urgent public importance must involve administrative responsibility of the government. In that respect the motion of the Honourable Member for Portage la Prairie conforms.

In respect to urgency, the Chair should like to indicate Beauchesne's Fourth Edition Citation 100, Section 3, which reads as follows: "Urgency within this rule does not apply to the matter itself but it means urgency of debate, when the ordinary opportunities provided by the rules of the House do not permit a subject to be brought on early enough and public interest demands that discussion take place immediately."

The Chair does not find this at the present time. In view of the foregoing, I should like to indicate to the Honourable Member for Portage la Prairie he has an opportunity to discuss this question on the motion to go into Supply which is on the Order Paper for today and, as well, when the Estimates of the Department of Education come up. For these reasons the Chair cannot accept the motion at this time.

(MR. SPEAKER cont'd) . . .

Oral Questions, the Honourable Member for Fort Garry.

ORAL QUESTION PERIOD (Cont'd)

MR. L. R. (BUD) SHERMAN (Fort Garry): Mr. Speaker, I'd like to address a question to the Minister of Finance and ask him whether an opinion on the competitive situation in the farm machinery industry was sought from Versatile Manufacturing by the government in preparing the legislation on The Revenue Tax Act?

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance)(St. Johns): Mr. Speaker, I would say that it's highly unusual for a government to discuss with people who are proposing to be taxed in any way the impact on their own operations. The answer to the question is, I did not approach Versatile to discuss with Versatile the impact of the taxation.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: A supplementary question, Mr. Speaker. Was an opinion on the competitive situation in the industry sought from any farm manufacturers at the time the legislation was being prepared? Farm machinery manufacturers.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: We have done our best to attempt to survey the impact of all the tax legislation on consumers and on the economy and we did not make direct discussions in any formal way with persons involved in the taxation. Nevertheless they were announced on April 6 and to this date I have not heard from anybody in the farm machinery business.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. Relative to the announcement of Versatile Manufacturing that they intend to expand by establishing a plant in the United States rather than Manitoba, has the Minister's department done any studies that would indicate a competitive tax advantage to that company for the establishment somewhere other than in Manitoba? That is in the United States.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I have just finished answering a question very similar to that. I advise the honourable members opposite that it was the interpretation of the principals of Versatile that the United States program adopted last fall, DIESC - Domestic International Export Subsidy Corporation program - did offer considerable incentives and attractive features to firms operating in the machinery manufacturing field, according to their understanding of that program. And I also indicated that this very program is the subject of some contention now between the Governments of Canada and the United States.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I'd like to direct a question to the Honourable Minister of Industry and Commerce and ask him whether any MDC loan has ever been made, accepted and paid out to Versatile Manufacturing?

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

MR. EVANS: Mr. Speaker, the MDC, as should be known by all members of this House, virtually saved Versatile Manufacturing from going bankrupt, or going under to use the colloquialism, two winters ago and a complete and full statement was made on this matter by this government and I believe documents were tabled for the members of this House.

MR. SHERMAN: A supplementary question, Mr. Speaker, Was any money actually paid out and if so how much under terms of the agreement the Minister is referring to.

MR. EVANS: Mr. Speaker, my information is that no monies were actually paid out. However, it is quite clear that if the Manitoba Development Corporation had not stood behind Versatile it would have collapsed.

MR. SHERMAN: A further supplementary, Mr. Speaker. Does the MDC own any shares of Versatile Manufacturing at this time?

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

MR. SPEAKER: The Honourable Member for Arthur.

MR. DOUGLAS J. WATT (Arthur): Mr. Speaker, I direct a question to the First Minister. Is it a fact that according to the news media this morning that Versatile are actually moving their headquarters out of the Province of Manitoba into the United States.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I'm not aware of that.

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, I wish to table Return to an Order of the House No. 20, a motion of the Honourable Member for Souris-Killarney.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I direct a question to the Minister of Education. It relates to a farm that is a joint ownership where two brothers each have a dwelling on the same parcel of land. Could the Minister indicate whether the two brothers in question would each receive the maximum \$50.00 on their residence?

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education)(Burrows): I'm afraid, Mr. Speaker, I'll have to take that question as notice.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Speaker, I have a question for the Minister of Health. Could he indicate the reasons for releasing one of the prisoners on a weekend pass who had already escaped once from custody as a result of being on release?

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

HON. RENE E. TOUPIN (Minister of Health and Social Development)(Springfield): Well, Mr. Speaker, there is, as you so well know and as the House knows, that there are two types of prisoners in the Province of Manitoba. There are --(Interjection)-- yes, like my colleague says, there's good and bad, sick and less sick.

MR. SPEAKER: Order, please.

MR. TOUPIN: There are those equally that are of the Federal responsibility and those who are the responsibility of the Provincial Government. I would like the Member for Thompson to give me the name of the prisoner in private and I will check it out and give him a private report.

While I'm on my feet, Mr. Speaker, I would like to respond to a question asked by the Honourable Member for Churchill pertaining to the Gillam area dental services. His question was pertaining to the assistance being given by the Department of Health and Social Development.

The Honourable Member for Churchill is aware that over the past years dental services have been provided on the basis of a travelling dental service clinic, approximately 14 days per year. Subsequent to the organization of a dental committee in Gillam and further request by this Committee for equipment, these were provided to the community. The Dental Committee at Gillam chose to avail themselves of more comprehensive services within the community; contractual arrangements were made between the Assiniboine Dental Clinic and the community committee. This clinic has provided services during the past year and are now of the opinion that further accommodation be provided prior to the continued regular visits to Gillam. For the provisions of two dentists and two dental assistants they request payment of airfare and accommodation, plus maintenance of equipment the community itself has provided. The Dental Committee forecasts a deficit for the coming year of approximately \$3,000; they now wish the Department to underwrite the deficit. The request is now before me and I am reviewing the request in the light of the total northern health program itself.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): How would they arrive at that deficit? Is that over and above the fees they are charging?

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

MR. TOUPIN: Yes, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Roblin.

MR. WALLY J. McKENZIE (Roblin): Mr. Speaker, I have a question for the Acting Minister of Mines and Natural Resources. Who has control or decides on the amount of water that will be released at the Shellmouth Dam; PFRA or Water Control?

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

MR. EVANS: I should take the question as notice, Mr. Speaker.

MR. SPEAKER: Very well. The Honourable Member for Roblin.

MR. McKENZIE: A supplementary question. If the Minister then would in the same

(MR. McKENZIE cont'd) study find out who has control over the amount of water that's stored over the winter months.

MR. SPEAKER: The Honourable Minister.

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

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I'd like to address a question to the Honourable First Minister. Is it still the practice of government to place or deposit important documents with the Manitoba Development Corporation to avoid or to not having to answer questions of honourable members in connection with the material contained therein?

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

MR. BOROWSKI: Mr. Speaker, I wonder . . .

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I was hesitating, because - I'm still not sure, Mr. Speaker, if I understand correctly the full import of the honourable member's question. Is he asking whether or not it is the policy still of the government to turn over to the MDC documents so as to avoid doing what?

MR. FROESE: Answering questions of honourable members regarding the information contained in those documents.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I think the honourable member is referring to past practice, but certainly since 1970 with the passage of certain amendments to the Manitoba Development Corporation Act, it is now not only policy but it is statute law that we proceed to disclose information in accordance with the amendments to the Act. In other words, that annual reports, quarterly reports, shall identify borrowing companies, the amount being lent by the Crown, the interest rate being paid and in the case of subsidiary operations similar information; all of which, Mr. Speaker, was not made available to members of this House prior to 1970.

The only information that we reserve in terms of not making it available is information having to do with the internal administrative personnel matters within the MDC and matters that are under current negotiation where negotiations have not been terminated either successfully or otherwise.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: A further question to the First Minister. Could he give the reasons why Mr. D.K. Friesen resigned from his position on the Manitoba Development Corporation Board?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, if the honourable member is asking why Mr. D.K. Friesen resigned from the Board, I can advise him that the best procedure would be for my honourable friend the Member for Rhineland to ask Mr. Friesen personally and directly. Although in order to move quickly to dispel any need for any insinuation I can tell my honourable friend that Mr. Friesen wrote me a very kind letter and his reasons had to do with personal time pressures and in no way were a result of any alleged disagreement with government policy.

MR. FROESE: Mr. Speaker, I'd like to address a question to the Honourable Minister of Industry and Commerce. Is the Minister being consulted and does he give approval or concurrence before equity is required by the Development Corporation in any firm or company?

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

MR. EVANS: Mr. Speaker, within the terms of the Act, the Board of Directors of the MDC can make that decision by themselves.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Thank you, Mr. Speaker, I was getting a sore back getting up. I have a question for the First Minister. I wonder if he could indicate to the House whether he's prepared to make available to all members of the House the papers that have been removed from MDF files and have been returned to the Commission, in which the Commission is presently dealing and the Press has access to?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, if the honourable member is referring to such documents as were allegedly taken from government files, departmental and other government files and transferred under some pretext or another to the MDC so as to remove them from government files and to remove them from any possible access to by the public or members of this

(MR. SCHREYER cont'd) Assembly, then I certainly would feel under an obligation to do so because I regard that kind of action as bordering if not going beyond the fraudulent.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a further question for the Attorney-General. Would it be possible for the Attorney-General to make available to the members of this House transcripts of the proceedings as they continue day to day at the Norquay Building, which I understand are about \$90 a day if a person wants to buy it personally.

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, in answer to that it's my understanding that these transcripts are expensive to produce, that is a formidable amount of evidence is being taken. However, I'll take under consideration the suggestion and maybe one copy could be available in the Library or some place where members of the Legislature could have access to it.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the First Minister. I wonder if the government can indicate whether any documents alleged to be filed with the Manitoba Development Corporation have not in fact been tabled and are now not in the possession of the Commission of Enquiry?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Commission of Enquiry as in the past, and I assume will in the future, notify the appropriate agency or department of the Crown if they have reason to think that a particular document exists but has not been made available to them as yet. Certainly this problem has been dealt with satisfactorily up to now and I see no reason why it cannot be dealt with as satisfactorily in the future.

MR. SPIVAK: Well a supplementary question to the First Minister. In view of his indignant reply to the question that was asked, I wonder whether he could now indicate whether there are any documents that have been handed over to the Commission that were not in the hands of the Commission during the enquiry?

MR. SCHREYER: Mr. Speaker, the Honourable Member for Thompson and prior to that the Honourable the Member for Rhineland had asked a question which seemed to connote that they had information or had reason to think that certain documents properly belonging to the files of the departments of government had been transferred under some pretext or guise to the MDC files and under past practice MDC files were not responsible for in terms of providing access. So I attempted to reply really to both honourable gentlemen.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I have another question for the First Minister. I wonder whether he will produce for this Legislative Assembly the memorandum given to the loan office of the company in which there was an instruction given on the verbal instructions of the Minister that no loans be given to the garment and needle trade industry?

MR. SCHREYER: Mr. Speaker, the Honourable the Minister of Industry and Commerce dealt with this matter and dealt with it quite satisfactorily, which is why it's upset my honourable friend.

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

MR. G. JOHNSTON: Mr. Speaker, my question is for the Honourable Minister of Education. Has the government invited tenders by way of competitive bid for approximately 113 school buses this year?

MR. SPEAKER: Order, please. The question was asked yesterday.

MR. G. JOHNSTON: On a point of order, Mr. Speaker, on a point of order . . .

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

MR. G. JOHNSTON: Mr. Speaker, this question was not answered yesterday. It's true

MR. SPEAKER: Order, please. If the honourable member is debating whether an answer is forthcoming or not I cannot entertain that. Our rules do not indicate that someone has to answer. He is well aware of that. --(Interjection)-- Very well, the point of order.

MR. G. JOHNSTON: I am not demanding an answer, I'm asking a question and this question was not asked yesterday, I assure you.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Attorney-General. I wonder if he is considering taking action for a \$10 million contract being given out without bid tendering

(MR. BOROWSKI cont'd) on the Bertram and CFI plant by the previous administration?

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Chairman, arising from the enquiry being conducted by the Commission in respect to The Pas Forestry complex, I assume that there will be a number of recommendations that will be forthcoming that will be considered and that may well be one of them, I don't know.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): Question for the Minister of Industry and Commerce, Does the Minister intend to monitor the effect of the DIESC program on Manitoba and provide occasional reports to the Legislature on that study?

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

MR. EVANS: Yes, Mr. Speaker. We will examine the effects of the DIESC program as it affects the industrialization of Manitoba and I will endeavour to provide reports to this Assembly if I can obtain useful and relevant information.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question to the Minister of Industry and Commerce. I wonder whether the Minister will agree that the raising of taxation in Manitoba is one way in which to combat . . . program?

MR. SPEAKER: Order, please. Order, please. I wonder if I have to remind honourable members every day three or four times that argumentative questions are not allowed. I wish they would co-operate. It would make it much simpler procedure if they would all adhere to this rule. The Honourable Member for St. Matthews.

MR. WALLY JOHANNSON (St. Matthews): Mr. Speaker, I have a question for the Minister of Finance. Is he aware of the fact that a convenience . . . --(Interjection)-- I'll reword that, Mr. Speaker. Could the Minister of Finance inform the House as to whether or not some convenience stores are raising the price of packages of 25 cigarettes by much more than five cents?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I have no knowledge of that whatsoever, nor can I understand any justification for it since the increase in tobacco tax is an even increase to the penny and therefore it would not be any inducement to anyone to add any fractional penny to a price in order to even off, therefore I don't understand any justification for it; but of course the free enterprise system permits them to charge the prices they wish to charge and competition should level it at what the market will accept.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question to the Minister of Finance, I wonder whether he can indicate whether when his officers of his department met with the tobacco industry prior to the introduction of the tax to make arrangements, whether there was any indication at that time by the industry that they would be raising prices over and above the tax?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, the response to the question has to include wonderment at the lack of knowledge of the honourable member on whether or not one discusses proposed increases with the public generally or with specific suppliers or dealers. The fact is that the announcement was made after a great deal of consideration was given by the government, and of all the industries the tobacco industry was consulted at their request after the announcement and discussions have been held which resulted in the report coming to me that everything is in order in relation to the adjustment to the tax with the exception of one item dealing with a, let me call it, a five cent cigar; I've already given notice that I propose to bring in an amendment for an adjustment which came as a result of this very kind of meeting that was held with manufacturers subsequent to the budget announcement.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question to the Minister of Finance. While the department people were dealing with the tobacco industry with respect to the adjustment on the tax, was there any indication to them that they would be raising prices over and above the requirement of the tax?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: I was not informed to that effect and I think I would have been had that been discussed. I was not present but I certainly was not informed of any such indication.

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

MR. JOHANNSON: Mr. Speaker, I'd like to direct a question to the Minister of Universities and Colleges. Could he inform the House which building it was out at the university which had a per square foot cost of over \$30.00?

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

HON. SAUL A. MILLER (Minister of Colleges and Universities)(Seven Oaks): Mr. Speaker, the building in question happens to be the Duff Roblin Building.

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

MR. FROESE: Mr. Speaker, on a point of order. In connection with the previous question, is it your ruling that when a question is put and is not answered, that the same question cannot be put the following day?

MR. SPEAKER: I don't follow the honourable member at the moment. I'm certain if he wishes - he understands the rule, if he has a question of the Chair he can see me privately and we can discuss it. The Honourable Member for Churchill.

MR. BEARD: I'd like to direct a question to the Minister of Municipal Affairs, I wonder if he's considering locating a redevelopment officer permanently in the Town of Churhcill until the program is over?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, I'll take that question as notice and give the matter consideration.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): I'd like to direct a question to the Honourable Minister of Education. I wonder if he can tell the members of this House if there is a penalty clause for late delivery in the case of the 113 buses purchased recently?

MR. SPEAKER: Order, please. If I recollect, that question was asked the other day. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I'd like to direct a question to the Honourable Minister of Municipal Affairs. Are adjusters assigned a certain area in the province for making adjustments so that only certain adjusters will cover a certain area?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, there are two methods by which the adjusting of Autopac claims is done at the present time. First, there are adjusters that work directly under Autopac, the management of Autopac, employees of Autopac. These adjusters are covering a large part of the province at the present time and deal with the claims in those areas. There are also adjusters that work for Autopac that are private independent adjusters. Some of the Province of Manitoba is still served by the independent private adjusters.

Insofar as the Honourable Member for Rhineland is concerned, it is my recollection that his area is yet covered by the independent private adjusting firms.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: Mr. Speaker, I'd like to redirect my question to the Honourable First Minister. I wonder if the First Minister can advise the members of this House, the people of Manitoba, as to whether or not there is a penalty clause for late delivery of the 113 buses . . .

MR. SPEAKER: Order, please. I think I ruled on that just about two minutes ago. I may be in error as to my memory and I'm willing to abide by the decision of this House, but if the honourable member doesn't like my decision he can put it to the House.

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): In my capacity as House Leader, Mr. Speaker, I do believe, in all due respect, Sir, that the question raised by the Honourable Member for Emerson is a legitimate question for the question period.

MR. SPEAKER: Very well.

MR. GIRARD: I would like then, Mr. Speaker, to redirect my question to the Minister of Education, and ask him if there is a penalty clause for late delivery of the 113 buses purchased recently from Western Flyer Coach?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: Mr. Speaker, if the honourable member would make it clear - payable to whom?

MR. GIRARD: Mr. Speaker, for clarification sake, when one purchases there is a

(MR. GIRARD cont'd) delivery date, and if the delivery date is not adhered to there is a penalty clause that is usually attached . . .

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

MR. HANUSCHAK: Mr. Speaker, I simply wish the question clarified I did not ask for an explanation of what is meant by penalty clause. I asked payable to whom if there were a penalty clause?

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: Well, Mr. Speaker, I don't know and I care less payable to whom; I'm asking whether there is or there is not?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: I'm sure, Mr. Speaker, the honourable member is well aware as I am the law of the land, that if a non-performance of a contract causes any damage or injury to a party to the contract then there is provision for legal redress.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: A supplementary question. Does this mean, Mr. Speaker, that it is in the purchase contract, or it is not?

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

MR. G. JOHNSTON: Mr. Speaker, in view of your ruling a moment or so ago, may I be allowed to ask my question of the Minister of Education?

MR. SPEAKER: Which question? Would the honourable member place it so I'll recall.

MR. G. JOHNSTON: The question being, has the government invited tender by competitive bids for approximately 113 school buses this year?

MR. SPEAKER: Well - order, please. The Chair finds itself in a quandry because I do believe that our rules of procedure indicate there will be no repetition of questions. Now I do believe that that question, too, was asked, possibly not in the same form, but it does indicate in Citation 171 subsection (c), "a question oral or written must not multiply with slight variation a similar question on the same point," and I do think we have belabored the point in regard to the buses. Now if the House or the Assembly wishes to have the question placed, I'll take that as an indication. The Honourable House Leader.

MR. PAULLEY: Mr. Speaker, may I in all due respect to the Honourable Member for Portage, suggest that he has raised a different proposition. You did rule on his question that it was out of order because the question had been answered or referred to some day preceding; the difference being in respect of; the Honourable Member for Emerson you invited a comment, which I again in my capacity as House Leader, and in all due respect again to my honourable friend, Mr. Speaker, you did make a ruling in respect to the question posed by the Honourable Member for Portage which is entirely different than the question posed by the Honourable Member for Emerson, and I believe you are perfectly correct.

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

MR. G. JOHNSTON: Mr. Speaker, I will not challenge your ruling, I have no intention of doing that, but I will be asking this question tomorrow. I understand there is nothing in the rules stating that a question cannot be asked on another date.

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 whether or not the MDC did pay for the services of Mr. Cockerton?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Minister of Industry and Commerce and I have stated on repeated occasions that whereas in the past no disclosure was made of MDC operations, now we provide by statute law for the disclosure of information relative to loans, but insofar as internal management operating decisions are concerned within the Manitoba Development Corporation, we have made it very clear that we do not deal with those matters by way of answerability for the Corporation but are matters internal to the Corporation.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct a question to the Honourable First Minister. I wonder if he could inform the House as to whether GNC or Columbia Forest Products is paying the employees at the Sprague Mill?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, that question, too, was asked a couple of days ago, if not yesterday then on Friday last, and was answered by the Minister.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I want to ask the First Minister a question based on the answer that he gave to the Honourable Member for Emerson as to government policy. If a conflict of interests arises between the staff of the Manitoba Development Corporation and any consultant . . .

MR. SPEAKER: Order, please. Order, please. Hypothetical starts with "if", I should not have to tell the honourable member that . . .

MR. SPIVAK: I'll frame it another way, Mr. Speaker.

MR. SPEAKER: Well if it's hypothetical it will make no difference.

MR. SPIVAK: I want to understand the government's intention as to what information will be given to this Assembly. Will this Assembly deal with any question of a conflict of interest that may arise between the staff of the MDC and any consultant they may hire?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I certainly can deal with that question. It may take me perhaps a somewhat greater length of time than is normally expected to be required during the question period, suffice is to say to the Honourable, the Leader of the Opposition, that we provide such information as is required by the Manitoba Development Corporation Act, which information, Mr. Speaker, is much greater in extent than my honourable friends used to practice when they were the government, let that much be clear. We have stated on repeated occasions that matters of current negotiation and matters of personnel relations within the corporation, or other agency of government, are not for disclosure.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: I have a question to the Attorney-General. My question is, is it possible for the government to sue individual members of . . .

MR. SPEAKER: Order, please. The question seems to be hypothetical because you're asking for a possibility.

MR. GONICK: I'll rephrase the question. Are members of the Manitoba Development Fund, the Manitoba Development Corporation, subject to suit in case of negligence with regard to public funds - the conduct of their business with regard to the expenditure of public funds?

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Well, Mr. Chairman, I'm not in a position to give an unqualified answer to that. The honourable member is asking for the kind of answer which would involve a legal opinion on my part, and I'm not in a position to give that answer.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. GONICK: Would the Attorney-General take the question as notice then?

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Chairman, I think I would be offending the rules if I did so.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder if the Attorney-General can indicate whether any member of any Board, Commission, or Crown Corporation is liable in the way that the Honourable Member from Crescentwood has suggested?

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, the honourable member, the Leader of the Opposition, I think should have recognized in my answer that I would be offending the rules if I gave legal opinion.

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

MR. JOHANNSON: Mr. Speaker, I have a question for the Minister of Industry and Commerce. On the present board of the Manitoba Development Corporation, how many members were on the board at the time of the approval of the loans to the CFI complex?

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

MR. EVANS: To the best of my knowledge, Mr. Speaker, no members of the existing board of the MDC were members of the board of the MDF as it was called at the time that loans were agreed to be made to the CFI Complex as it is known.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I have a question to the Minister of Industry and Commerce. I wonder if he could indicate how many members of the Manitoba Development Corporation Board of Directors are aware of the facts with respect to Columbia Forest Products?

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

MR. EVANS: Mr. Speaker, that's a question of awareness but I can tell the honourable member he can try to belittle the members, the citizens of Manitoba who are prepared to serve on the MDC board now, but he's doing a disservice and he's belittling his position as Leader of the Opposition. Because all he's doing is belittling citizens . . .

MR. SPEAKER: Order, please. The honourable gentleman is debating the question. The Honourable Member for Fort Garry.

MR. SHERMAN: Thank you, Mr. Speaker. My question is to the Honourable Minister of Industry and Commerce. Will the Minister of Industry and Commerce undertake to find out and advise this House the extent of the response from the group insurance writing industry in the Province of Manitoba to the specifications for the MDC group plan submitted by Mr. Fisher?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, here is yet another case where the question had been asked on a previous occasion and an answer had been given.

MR. SPEAKER: The Honourable Member for Fort Garry on a point of order.

MR. SHERMAN: On a point of order, Mr. Speaker, the record will show the honourable gentleman that the question was not answered, an answer was not given.

MR. SPEAKER: Order, please. As the honourable gentleman well knows there is no necessity for an answer to be given. Order, please.

I think I shall have to ask the House Leaders to convene with me when I have an opportunity. I want to get this question period straightened out. I cannot apparently entertain questions of repetition and apparently sometimes when we do you allow them, other times you don't. Now this House will have to make up its mind - which way they're going to proceed. I am not going to entertain one question from yesterday, today, and say that it is in order and the following day say that a question from the day before is not in order. I want the two House Leaders to meet with me, we shall discuss this matter.

The Honourable House Leader.

MR. PAULLEY: Mr. Speaker, on that point I would be glad to meet with you and consider the very important point that you have raised. I would suggest also to the Leader of the Opposition, the Premier, and other members of this House, that they should take time out and to read Beauchesne, Fourth Edition, dealing on Page 147 with them, annotations, comments and precedents, Section 171 dealing with the whole matter of questions that are permissible and in direct reference to the question that you have just posed. May I suggest that they should particularly look, and I am not just picking out, Mr. Speaker, these two individuals because you mentioned House Leaders, I refer to leaders of parties in the same context, and may I suggest in all deference to all of the members of this House that they should in particular look at Subsection (d) which says: "A question, oral or written must not repeat in substance a question already answered, or to which an answer has been refused." And I, in all due respect, suggest, and the Honourable the Member for Portage la Prairie has just said, "right", and I would refer this to him precisely as well because he has attempted to do this on at least three occasions today, and I suggest in order to bring about a reasonable semblance of order in this House that honourable members particularly look at this particular Citation of Beauchesne.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: On the point of order, Mr. Speaker, I would be very happy to meet, and I certainly would be happy to have the House Leader of our party meet with you to try and make the question period a correct one procedurally and find that there would be no abuse or difficulty in terms of your particular position. I may suggest as well though that the House Leader of the government should meet with his backbenchers to see to it that there is not the abuse of the question period as has been conducted by them. And I can do it too.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, if you are still entertaining comment on the point of order raised so validly by my colleague the House Leader, initiating from your proposition, Sir, I would raise as an example the point of order the fact that my colleague the House Leader has made a very specific reference to Beauchesne to a specific Citation and sub-paragraph and it is very clear, and it is very clear, Sir, that this is what is at the root of the difficulty during the question period, namely non-observance of Citation 171 sub-paragraph (d) which my colleague has already referred to.

(MR. SCHREYER cont'd)

The Leader of the Opposition I submit as a point of order, Mr. Speaker, has just given a gratuitous comment in this House with respect to the fact that questions are being asked by private members on this side of the House. Mr. Speaker, there is nothing in the rules of this House, or of the rules of any other parliamentary assembly with respect to whether or not private members from either side of the House choose to ask questions, and it is completely gratuitous nonsense for the member, the Leader of the Opposition, the Member for River Heights to even make mention of that fact.

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

MR. G. JOHNSTON: Well, Mr. Speaker, I appreciate the points made by the First Minister and also the House Leader but surely they are not suggesting that because a question is directed from one member to a particular Minister, and an answer is given, that that same question cannot be directed to another Minister on another time or even the same day. This is not the case at all and I refer members to Section 178 of Beauchesne: "Questions addressed to Ministers should relate to the public affairs with which they are officially connected, to proceedings pending in parliament or to any matter of administration for which the Minister is responsible." Now the reason I quote that section is the Member for Emerson and other members, I believe the Leader of the Official Opposition, asked questions that had the same subject matter of my question today regarding school buses but they asked the questions of the First Minister and whether or not they asked of the Attorney-General, at least the Attorney-General took part in the reply. So my suggestion to you, Sir, with respect to my question, it was directed to a Minister who I had not directed that question to before and I consider it to be in order, but I am willing to have an unofficial meeting, Sir, between you and others of this House but I would make a further suggestion that one of the six Independent or Liberal members be included so that they will be aware of what decisions are taken behind your door.

MR. SPEAKER: I thank the honourable members for their contribution and I think that 11:00 o'clock tomorrow morning if it's suitable --(Interjection)-- make it Thursday, 11:00 o'clock Thursday morning.

MR. PAULLEY: There is a committee called for 11:00 o'clock. If I may, Mr. Speaker, interject, and I apologize for so doing, I wonder whether or not it might meet with your convenience, Sir, that if the Honourable the Member for Morris the House Leader for the Conservative Party, myself as House Leader, and no objections at all to the point raised by the Honourable Member for Portage, may meet with you at your convenience to consider a timing for this which I think is most appropriate.

MR. SPEAKER: Very well. I should also like to indicate while the Honourable Minister of Labour indicated Beauchesne, Citation 171, that all members already have a copy since I issued to everyone and in regards to answers Citation 181 is also something we should bear in mind because some of the answers were pretty lengthy today.

MR. SPEAKER: Oral questions. The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. Again relative to the announcement of Versatile Manufacturing today could the Minister tell the House approximately how many job opportunities have been lost to Manitoba as a result of the loss of this expansion program?

MR. SPEAKER: Orders of the Day. The Honourable Minister of Industry and Commerce.

MR. EVANS: Yes, Mr. Speaker, I would advise the honourable member that he should contact the Versatile people directly.

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN, Q.C. (Inkster): Mr. Speaker, I'd like to direct a question to the Minister of Finance. Concerning getting the best tax advantage, and therefore having the best export position, is it true that a Crown corporation pays no income tax to any government?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Yes, Mr. Speaker, a corporation owned at least 90 percent by the Crown is not subject to income taxation.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question to the Minister of Finance. Is it not true that the bureaucratic cost of a Crown corporation is higher than private industry?

MR. SPEAKER: Order, please. Order, please. Order, please. Order, please. The question is argumentative. Order, please. I wonder if the honourable members heard me.

(MR. SPEAKER cont'd) I said the question was argumentative, therefore it was out of order. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I'd like to direct a question to the Minister of Finance as well. If all the corporations were made Crown corporations in Manitoba, where would the government get its money from?

MR. SPEAKER: Orders of the day. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, if that question is in order, I should respond. -- (Interjection)-- Is it out of order or in order, I'm just not sure.

MR. SPEAKER: Order, please. I will answer the Honourable Minister of Finance. I was of the opinion that I was elected Chairman and only when I said something was out of order, it would be taken into account. Now if honourable members wish to occupy the Chair, let them make their application and I'll certainly take my place amongst the other members and debate the issues with you. But I do think that as long as you have elected me that it can only come from this Chair as to whether a question is or is not in order and I didn't indicate that it was out of order. The Honourable Minister of Finance. The Honourable Member for Fort Garry.

MR. SHERMAN: . . . out of order, Mr. Speaker. You have ruled as out of order far more cogent questions asked on this side of the House . . .

MR. SPEAKER: Order, please. Order, please. If the honourable member wishes to challenge the Chair, he has that prerogative. One of our rules is we do not reflect on past decisions of this House. There is a procedure to be followed. The Honourable Member for Fort Garry very well knows it. The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I submit to you, Sir, that the question asked by the Member for Rhineland was hypothetical, as hypothetical as many others have been, more than many others have been so ruled and is therefore out of order, Sir.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Well, Mr. Speaker, I don't think . . .

MR. SPEAKER: Order, please. I should like to indicate to the gallery behind me that they are making a lot of disturbance which is one of the reasons why I'm not hearing what is going on down below. Now I would like to have quiet in this Chamber completely from all members, the co-operation of all members. If I can't have it, I shall have to clear all the galleries. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I think the question was a facetious question. It is in order but I could reply to it at very great length which I think would offend the rules of the House. I would only say that Crown corporations have many purposes, some of which are designed to produce services to people at the most economical way, and in the fairest way, most equitable way. Other occasions are to keep in line the production of goods and services and in all of them they provide for the services that are necessary for people in the country.

Now I could go into a much more lengthy one but I don't think it's fair to this House that I should make a speech as a result of the invitation of the question.

MR. SPEAKER: The Honourable Member for Arthur.

MR. WATT: Mr. Speaker, I'd like to direct a question across to the other side of the House in regard to fertilizer and I am really not talking about the government here, I'm talking about manufactured fertilizer. In the absence of the Minister of Agriculture - I don't know who the Acting Minister over there would be - but I wonder if there is any answer coming forth for my question sometime ago regarding the differential between the price of manufactured fertilizer in Canada and the United States. --(Interjection)-- . . . farmer, would you like to answer that one?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: The Minister of Labour can answer this question because the former Minister of Agriculture, the Honourable Member for Arthur, has raised this question on at least three occasions. He has received the same answer on three occasions, and in accordance with the rules of our House, as I tried to indicate a moment ago, it is not in order for my honourable friend to continue his witch hunt in this respect.

MR. SPEAKER: The Honourable Member for Arthur.

MR. WATT: . . . answer at any time from the Minister of Agriculture in regard to . . .

MR. SPEAKER: Order, please. The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, may I, in all due respect, to say to my honourable friend, the Member for Arthur, if he would only take the time out to pursue --(Interjection)-- Quiet -

(MR. PAULLEY cont'd) to pursue Hansard, he would say, he would find that the Honourable the Minister of Agriculture said that he or this government had no control over the price that is being charged for fertilizers in the Province of Manitoba, and my honourable friend well knows that.

MR. SPEAKER: The Honourable Member for Arthur.

MR. WATT: . . . to the House Leader who seems to be the authority on agriculture now. Has he got any idea, or has he any intention then in spite of the withdrawal apparently from this field of the Minister of Agriculture, to look into what is going on between the price of fertilizer in the United States and Canada.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, my honourable friend raises a different question. Certainly, certainly we will look into the variance of the prices in fertilizers in North Dakota - I presume he's talking of - as in the Province of Manitoba, which is entirely different than his original proposition as to the control of the price.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct a question to the Honourable Minister of Labour. I wonder how soon he expects to table or make public the recommendations of the Minimum Wage Board?

A MEMBER: Soon.

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

MR. FRANK JOHNSTON (Sturgeon Creek): Mr. Speaker, I'd like to direct a question to the Minister of Urban Affairs. Can he confirm that the mill rate in all the cities and municipalities that previously made up Metro Winnipeg will have a considerable increase this year?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I don't have the slightest idea where the Member for Sturgeon Creek gets his information but I have no such information that would put me in a position to confirm or deny the kind of statement that he made.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: A supplementary question to the Minister of Finance. I wonder whether he can indicate whether the budget item of a million and a half for equalization is considered sufficient by the department in view of the negotiations now taking place with Unicity?

MR. CHERNIACK: Mr. Speaker, at 75 minutes after the commencement of this period, I am really not inclined to get involved in any questions of this nature.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I'd like to address a question to the Minister of Tourism. Could he indicate what grants will be made available for amateur sports for the coming year?

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

HON. LAURENT L. DESJARDINS (Minister of Tourism, Recreation and Cultural Affairs) (St. Boniface): Mr. Speaker, this is something that should be discussed during the Estimates.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Minister of Labour. I wonder if he could confirm whether it's true that the Minimum Wage Board recommended a minimum wage of \$2.00 an hour, and a recommendation?

MR. SPEAKER: Orders of the Day. The Honourable House Leader. Very well, the Minister of Finance.

ORDERS OF THE DAY

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Labour that Mr. Speaker do now leave the Chair and the House resolve itself into Committee of the Whole to consider the following bills: No. 5 - The Succession Duty Act (Manitoba) - No. 6 - The Gift Tax Act (Manitoba) 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 House with the Honourable Member for Logan in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: When we concluded the Committee's deliberations last night we were dealing with Bill 21, Section 12 and I was in the midst of making a response which I would like to complete as quickly as I can.

I was really responding, Mr. Chairman, to comments made by the Leader of the Opposition in relation to the projections of the \$12 million and the confusion which he created in the minds of others in regard to his figures and his calculations, I was pointing out, Mr. Chairman, and I intend to point out now that the honourable member does succeed somehow in keeping everybody off balance by the way he throws his figures around and makes them incomprehensible. They may be comprehensible to him, but even that I doubt.

I've had occasion to point out - and may I say that Mr. Egon Frech of the Free Press has had occasion to point out - that the honourable member's figures just bounce around without any real substance. He spoke - and again we're dealing with a specific and I would love to quote from the article, I would just like to read it to the Leader of the Opposition because he may not get research assistance in reading comments made about him. But really it deals with the figures that he used in the past and which were erroneous and based on wrong assumptions even to the extent where if one believed his figures, the period that this government was in power saw a rise in average income of Manitobans from some \$8,000 to \$12,000, a 50 percent increase; figures that he used on property tax refunds which he admitted later were erroneous, and now he refers to some 95 million dollar figure, and frankly, Mr. Chairman, I have still not been able to locate them, nor did I succeed in extracting them from the comments he made yesterday dealing with some bureau of statistics report which apparently was over a year old.

So let me come to the report that I was referring to yesterday dealing with the most up-to-date Statistics Canada investment data that I've been able to obtain, which was released in March of 1972, and indicate to him that in his calculation he's been juggling a full year and using it in relationship to apparently what was a year showing intentions for 1971 and trying in some way to rationalize them. And referring as he did to some \$95 million and I say I haven't been able to find that yet. So I'm assuming, Mr. Chairman, that he's wrong on all counts in that respect.

Total machinery and equipment investment in manufacturing for 1972 is estimated at \$60.3 million, not \$95 million. As I say, I don't know where he got his figure. He would argue that this only confirms his earlier concern, but he should remember, Mr. Chairman, that the government's revenue estimate for 72/73 was \$7 million not \$12 million. There aren't any investment figures available, as far as I know, for the 1973 year which is the year in which the \$12 million figure applies. That is our projection, it's not in the estimates of revenue. More important, he must realize that the production machinery tax will apply to machinery used in other sectors not just manufacturing per se.

As I indicated yesterday, the total forecast machinery and equipment investment in Manitoba in all sectors for 1972 is \$414.6 million and if all of these were taxable then the revenue could conceivably reach some \$20 million. But the effect of the straddle provisions which are provided in this bill, the exemption of farm machinery and others will mean that the revenues in 72/73 will be about \$7 million according to our estimates and for the first full year, again, the effects of the exemptions will mean that revenues should total approximately \$12 million.

May I say that in production machinery - that is dealing with investment figures - there are great variables and it is much less predictable for the future just what investments will be. All that is attempted by DBS is some estimate and they call it intentions. It's not even an estimate of what they believe it will be, it's an indication of intentions and on the basis of what we can estimate, we would expect some \$12 million.

That really isn't relevant, Mr. Chairman, to the point that we should be considering and that is the feasibility of removing the exemption on production machinery, a factor which, as I say, has been considered by five other provinces which have been taxing production machinery. We propose to enter that field.

MR. CHAIRMAN: The Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I thank the Minister for his statement and I feel that before I deal directly with the DBS intentions -- and I think in explanation or in answer to his comments I would like to refer to the same article that he referred to and the same comments that he made.

MR. SPIVAK, (cont'd.)

Mr. Chairman, it's interesting to note that the Minister has deliberately taken a figure which he proposes as the average, or the family income earning, and then he has applied it to a figure that I had used for 1971 and then said we were responsible for the gain. --(Interjection) -- Mr. Chairman, let me complete my remarks. I'm quite aware what the Minister said and although I do not have a Hansard in front of me I know what it deals with directly.

Mr. Chairman, I indicated that with respect to the manner in which an indicator would be applied of not the cash income of families for the average family income which would include all government services, that if you apply the factor of 260,000 families - we have 274,000 dwellings so 260,000 would be a factor pretty closely related to the dwellings - that you would come up for 1969 with a figure of \$9,600. The Minister of Finance indicated that figure would look to be about \$8,000 --(Interjection)-- Oh yes. And then what he said - then he took the 1972 figures that I used and then he said the jump would be from 8,000 to 12,000. Mr. Chairman, the interesting feature about this exercise, that it depends on how many family units you apply to the factor of the gross provincial product to be able to arrive at what that figure would be. And if you applied 300,000 families, 325,000 families you would get a different factor. If you applied the figure the family unit shown in the population in Manitoba's statistics provided by the government, you have something like 423 to 440,000 families. You'd obviously get a lower figure. So Mr. Chairman, although the Honourable Minister would like to make it appear that the figures that were presented were somehow or other inconceivable, his own figures themselves indicate, I would suggest, a closeness to the figure and a method of calculation that is consistent with the way in which some judgment is made as to what over-all family income - not cash income received - but family income with all of government services would include.

Having said this, now I'd like to apply myself to the particular production machinery tax. I used 1971 statistics and not 1972. I did that because I wanted to find out how the Minister was going to react to that and I was very well aware - and I had in front of me the 1972 statistics - and I indicate and I can tell you I have them in my possession if you'd like to see them and I had them at the time, at the time, because it was interesting to see how he applied the tax. Because, Mr. Chairman, in the way in which he applied the tax may have some indication of how he arrived at it. Now I don't know whether \$12 million for next year or \$7 million for this year is any reasonable forecast. I'm also quite convinced that the Minister himself doesn't really know that as well. I consider that the government in this particular situation, as in the Education Tax Credit Program, have applied very simple rules of thumb to arrive at a figure which had to be projected which would indicate that there would be some, in their words, "negligible impact on the economy". But, Mr. Speaker, the statistics that are used - which are DBS statistics of machinery and expenditure and I have the record in front of me of 72, which would indicate in 72 a forecast of 414 - include machinery and equipment much of which would qualify for a sales tax without the inclusion now of production machinery.

The point of the 95 million, which the Honourable Minister did not catch, was that that was all that was required in capital in machinery and equipment in the manufacturing sector. Now if there is only more or less \$100 million that was to be in fact applied then how could you possibly arrive at a \$12 million figure to be realized from a production tax. Because obviously production machinery is used for the production of manufacturing that's sold in this province and outside. We have exemptions with farm machinery. In the total of the DBS statistics this year, there is a figure of \$60 million for machinery and equipment and under normal circumstances that would be taxed at five percent because they would have a sales tax exemption now. That's only \$3 million. And if it were to apply this year as an equivalent year for next year - and regardless of what growth there will be, the proportions I suggest will be about the same with respect to what manufacturing will be more or less with respect to the total capital repairs and expenditure intentions for next year - you'll find that we have to find \$9 million, and that \$9 million that the government is projecting for next year is going to come in ways that are not and were not known until the Revenue Tax Branch sent out their memo, their Information Service, and until yesterday when those people who are now going to be paying tax started to realize it.

Mr. Speaker, I have no apology for this Party for in any way delaying the passing of this bill because it was necessary for there to be some response from the community - we've already received one response from Versatile Manufacturing - and I may say, Mr. Chairman,

MR. SPIVAK, (cont'd.) maybe the Honourable Minister hasn't received phone calls but I have, because in effect, what is happening out of this is we are getting a situation where not only will there be increased costs for the people of Manitoba, but in addition we are again providing a disincentive for sales, a disincentive for growth and stiffer competition for our people.

Now in order to at least deal with this in a rational way, I'd like to if I may, read into the record a statement which is a statement of our position which we'll elaborate on in greater detail in this discussion.

The Provincial Government has introduced legislation which is intended to significantly widen the coverage of the sales tax in this province. The proposed legislation has retroactive elements and many of its effects will be disguised as general price increase. In terms of its effect on the Manitoba consumers a proposed extension of the provincial sales tax base will be virtually equivalent to an increase of one percent on the existing provincial sales tax base. The government has presented inadequate information about the implications of its tax increase proposal. Precise estimates of who will pay and how much revenue will be produced have not been disclosed, yet the government appears to resent the right and duty of the members of the Legislative Assembly to scrutinize and evaluate proposed changes in our tax structure. It also appears to resent the public attention which has been aroused by its proposed tax increases. The fact that the government has introduced tax proposals which seem to have been prepared in haste does not oblige the Legislature to debate them in haste. And the fact that the government is reluctant to discuss the size and impact of its proposed tax increases should not prevent the Legislature from looking at them. Several aspects of the sales tax increases require further attention. These aspects relate to the actual burden which Manitoba taxpayers and the provincial economy will have to bear.

"First, the government claims that its proposal to tax production equipment will raise \$12 million in revenue for the coming year. This means that an additional yearly amount of \$240 million of sales will now be exposed to the five percent tax. The analysis of a 1972 investment intention reveals that equipment sales in the next year in the additional category, that is this forecast year, now subject to tax are unlikely to reach \$240 million, - that is \$240 million that are not now being taxed. Therefore much of the proposed tax revenue must come from other sources.

Secondly, it is not a generally known fact that the previously exempt producer supplies are now exposed to sales tax. This fact will result in a general increase in prices in the province because the production of goods and services in the province will be made more expensive. The only production machinery which now has become subject to the new tax increase is equipment which previously had been sales tax exempt. The rest of the tax revenue will come from producer supplies and equipment leases. The combined effect of the tax will be inflationary.

The third aspect involves retroactivity. It has been traditional that the retroactive features of tax bills have extended no further backward than the announcement date of the bills. However, the particular application of this bill, sales tax proposal, in respect to production machinery leases reaches back prior to the announcement of the bill. This feature is one of the several which discriminates against those leased and against the small businessman in Manitoba.

Now, Mr. Chairman, for the record, when we talk production machinery we are talking the whole range of supplies that were sales tax exempt by manufacturers who were ultimately selling a finished good or finished product or finished service for which a sales tax was collected. When we talk about retroactivity we are now going to be taxing annually the leases that will rise as a result of arrangements made and arrived at prior to the introduction of this tax, and that is retroactive. And because there is no definition of lease arrangement, we are going to be in fact taxing arrangements which are legitimate leases with no options to purchase at the end, arrangements which were lease arrangements but realistically are financing arrangements because at the end there is an option to purchase at a very reasonable and nominal level, and legitimate lease arrangements which may have taken into the financing considerations but are done because of the necessity of financing which will leave at the end of the term and ability to buy at fair market value or a stated value which should be fair market value. The net effect of this, Mr. Chairman, is that we will be taxing new equipment purchases, existing leases, and producer supplies, all of which will be passed on to the consumers or for those manufacturers that export will add another burden.

MR. SPIVAK, (cont'd.)

The arguments that are presented by the government are facetious. The argument that they will be able to deduct this from profit is ridiculous because every rise by a supplier could be justified on the same basis, and the argument that this had in some way - has some relation to the announced intention of the government to try and tax on ability to pay is also ridiculous, Mr. Chairman, because the truth of the matter is that in this way and in a hidden and disguised way the people of Manitoba are going to be paying an increase in their taxes and there are going to be jobs lost in Manitoba; and the best example is the announcement today.

MR. CHAIRMAN: Clause 12 -- passed, 13 -- The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, if we had any doubt about the harmful impact of this proposed legislation on the economy of this province, all doubt was certainly removed today with the announcement from Versatile Manufacturing that it is looking elsewhere outside the province, in fact outside the country for expansion of its production capabilities. This legislation in front of us doesn't stand alone or by itself for having prompted that kind of a response from that manufacturer, or for having prompted a similar anxiety if not in many cases a similar direct response from other persons engaged in the economy of the Province. I can see that Bill 21 by itself is not uniquely or individually responsible for the Versatile decision, but taken in concert with the other fiscal and taxation measures of this government, I think that it is clear from Versatile's unequivocal statement, and a statement that I think was courageous in the circumstances, it is clear that this kind of legislation is as we have suggested time and time again inside and outside this Chamber, harmful and detrimental to the economy of this Province and not all the rationalizations and not all the smoke-screening of the government, is going to take away from that fact, or is going to negate that fact.

We have been asked time and again by the government when we have raised this point on this question, Mr. Chairman, for proof. It's been suggested we are exaggerating; it's been suggested that we've been operating in flights of fancy, in areas of the imagination, and that we've been trying to drum up a scare where industry is concerned in the context of the economic and fiscal measures of this present government. Well that kind of argument has now been effectively defuncted, I submit, Mr. Chairman, by the statement made today by Versatile. The government now has its proof. The government can no longer say that we do not have the ability, or the capacity, or the facts.

MR. CHAIRMAN: Order please. I would suggest that the honourable member confine his remarks to Clause 12 which is the Production Machinery Tax Repeal. The Honourable Member for Fort Garry.

MR. SHERMAN: I'm attempting to do that, Mr. Chairman. I will observe your admonition, Sir. They can no longer say that we can't point to facts that are causing anxiety in industry and forcing industry and entrepreneurial operators to look elsewhere because Versatile has now made the statement publicly, and openly, and unequivocally that the fiscal measures introduced by this government and, as a specific, this particular bill, Bill 21, with its introduction of the five percent sales tax on production machinery, is the operating and operative factor behind its decision announced today.

Mr. Chairman, the fact of the matter for a company like Versatile is that it is an extremely difficult competitive position in its industry and anything of a nature of the kind of legislation encompassed and envisioned here adds a sufficient burden to make it reconsider its operations here, and to make it study and undertake a decision to leave the Province of Manitoba. The margin in the particular field in which Versatile manufacturing operates is narrow, and slim; the competition is extremely keen, and the taxation measures in other jurisdictions under which Versatile's competitors operate are extremely favourable by comparison to those facing that company here, and with all the difficulties from the Corporate Income Tax, and other measures facing Versatile, with all those difficulties it was always a tenuous operation at best. Now along comes the five percent sales tax on production machinery and it's sufficient, Sir, to tip the scale and force the company to make the decision announced today.

Now what the Finance Minister is saying on the other side of the Chamber at the moment is nonsense, and he is suggesting, and he has suggested and no doubt will continue to suggest it because Versatile is in the farm machinery field this should, this tax should not have had any effect on their operations. Well, the fact of the matter is that the tax with which they are being saddled is not a tax on farm machinery, it's a tax on production machinery. It's a tax on that production equipment that they need to have to produce their farm machinery. Their own

MR. SHERMAN, (cont'd.) production machinery costs run, I am informed, something in the neighbourhood of \$1/2 million direct a year. That sum is the sum I am advised that is expended for the kind of tools and tooling and production equipment they need in a given twelve month period to produce the farm machinery that they then offer for sale. They now face the five percent sales tax on that production equipment, that production machinery, which reduces their area of margin to a point which they find no longer attractive.

Not only that, but surely none of us is under any illusion about the final impact of that sales tax. It'll go on the production machinery which Versatile requires to produce its durables, its consumer goods, but then it will be passed on to the consumer himself in the form of higher costs, higher prices no doubt, for the company's farm machinery products, so that the impact on the economy is doubled, it would not only work the kind of unattractive and disadvantageous effect on Versatile in a corporate sense to which they address themselves and with which they are concerned as a business, and as a corporate entity, but it will work a similar hardship at the other end of the scale on the farmers, on the consumers who are buying their goods and are forced to pay a higher price.

The result of that higher price is likely to be a diminution a substantial decrease in the sales of Versatile, in the attractiveness of Versatile products in the marketplace, and it comes down to a realistic and bald question, Mr. Chairman, of whether or not its viable economics for them to attempt to compete in the highly competitive farm machinery industry under that kind of additional burden. As I say it's not the only burden facing them, if one combines that with the disadvantageous that they have in the Corporate Income Tax field, the total package adds up to a situation here which constitutes a highly unfavourable climate for enterprise of this kind.

I might say in support of the position that I take in this connection in support of the argument that I'm attempting to convey to the Minister in this connection, Mr. Chairman, that the corporation income tax paid by Versatile, as by any other corporation in this area, is 54 percent on profits, and that represents a substantially higher amount than is paid by most, if not all, of their competitors. In fact, Sir, the effective rate of corporate income tax for Versatile Manufacturing I am advised is up around 56 percent because much of their invoicing is done on a six months basis, or even longer, so that they face high interest rates in financing their operation in the meantime. They effectively face a 56 or 57 percent rate in corporate income tax. Now most of their competition, if not all - I have not checked them all, Mr. Chairman, but I can tell you I have checked a substantial number - most of their competition pays a corporate income tax rate of approximately 40 to 42 percent on profits, some pay, depending on the area, the jurisdiction in which they operate, some pay as little --(Interjection)--

MR. CHAIRMAN: Order please.

MR. SHERMAN: How much income tax did they pay last year? I don't know how much they paid last year but I know that their income tax rate is 54 percent on paper, and as I say 56 percent in effective impact on, in their accounting. Most of their competitors are in the area of 40 to 42 percent where corporate income tax is concerned, and some of them are in areas in which the rate is about 33 percent, Mr. Chairman. I simply ask the Minister to consider the discrepancies in terms of competitive position for a farm machinery manufacturer like Versatile when they face that kind of an income tax burden in comparison to the taxation rates facing their competitors.

Admittedly their competitors operate from outside areas, and admittedly they are legitimately not subject to the same kind of tax load that Versatile faces, but that's no argument for destroying Versatile, or driving it out of this Province. It's an employer of eight hundred persons, that's eight hundred jobs, that's eight hundred families and households at the present time, and it could be substantially more than that given successful, given a successful future. In fact the announcement today indicates that the expansion of production capacities being undertaken in North Dakota would have been undertaken in Winnipeg had the Manitoba economic climate been amenable to them, so there are lost jobs right there. There is a potential of somewhere between 50 and 100 jobs, my inquiries indicate, lost right there that will go to Fargo, or whatever area in North Dakota is chosen, rather than to the Winnipeg area. It simply comes down to a requirement, a need for the Finance Minister of this Province, Mr. Chairman, to look at industries, job generating industries in this Province, and judge the kinds of things he wants to do in his Budget, against the kinds of things that they are doing for the economy of Manitoba. He cannot justify taking a theoretical, or a clinical, or an academic position in this

MR. SHERMAN, (cont'd.) area of taxation. He cannot justify a philosophy that says a sit down now, look at the anticipated revenues, a look at the scheduled expenditures, somehow I got to make them meet, and now here's an area where I can find part of the money to close the gap, and then just move in that area without considering the impact on those industries, and what in the long run that means for the Manitoba economy.

How many entrepreneurial operations and job generating operations like Versatile Manufacturing can we find in a province like Manitoba? How many of those opportunities come along? How many of those institutions making an input into the economy do we have to start with? I suggest to him that he has got to look at his budgeting and his philosophy of budgeting in that light, and if special consideration has to be written into his programs, to take care of companies like the one I have mentioned, then special consideration should be considered, and special consideration should be taken under very keen advisement by the Minister, because he's not just dealing with the management and the board of directors of a farm machinery company, Mr. Chairman, he is dealing with 800 families, and potentially more as long as the company is successful, with 800 jobs, that would have gone to 850 or 900 had that production capability been added here. And he is dealing with more than that, Sir. He's dealing with the corporation income tax which Versatile pays into the Manitoba economy, and with the personal income tax which the employees and their families in the Versatile Manufacturing Company family pay into the Manitoba economy, and he cannot afford to act academically - and I suggest that in this respect that he is acting academically - where this kind of an important responsible and job producing ingredient in the economy of Manitoba is concerned. So that the questions that we asked earlier today during the Oral Question Period, Mr. Chairman, and the kinds of things that are being raised at this point in this debate, I suggest, commend themselves for earnest consideration at this point by the Minister - we're still on Clause 12, we're still at a point in consideration of this bill where that kind of burden for Manitoba manufacturers could be removed, where some consideration could now be introduced to make the burden for them less onerous, and to retain those kinds of operations here. If he's not willing to do that, then it would be my fear that this one case of proof of discouragement for Manitoba industry will lead to many more cases, and to much more evidence in the very early future. So I would ask the Minister to reconsider Section 12 as it applies to companies of the type, and the skill, and the input of that manufacturing company in the light of the jobs, and in the light of the revenues that it and they generate for our economy.

There are other things that I want to say on this Section, Mr. Chairman, particularly having to do with printers and people engaged in the production of printed material, but I don't want to obscure the issue having to do with Versatile Manufacturing, or that individual crisis at this time. I would like to hear from the Minister, perhaps some of my colleagues, and perhaps others on the other side, on this particular subject before we go into some of the other things I wanted to say. Primarily my concern at this moment is the crisis for Versatile Manufacturing, and through it, the crisis for the Manitoba economy. I would like to hear the Minister on that.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Well, Mr. Chairman, I propose to deal with what was said by the Honourable, the Leader of the Opposition. I will not respond to the Member for Fort Garry until he has completed his speech. I don't think it's necessary for me to respond the minute he wants a response, and I want to deal with the Leader's comments who spoke about four matters that I want to deal with.

Firstly retroactivity as to leases, Mr. Chairman: we are following the exact pattern set by the previous government of the Province of Manitoba headed by Mr. Duff Roblin who introduced legislation of this very similar kind and affecting leases in a retroactive way described by the Honourable Member for River Heights, who was then a member and a Minister of the Crown, in order to bring in the legislation. We are following that pattern, but we are improving on it to the extent that we are giving consideration because as far as his legislation was concerned, it was effective immediately on leases. In our case we are giving a six months extension and I propose to reserve the right to extend it longer in particular cases. This is a pattern covered by other governments. It is consistent with what has been established elsewhere. I don't apologize in this case, I may have to, to the backbench behind me, to apologize to following Duff Roblin's procedure, but I don't have to apologize across the room for following that procedure.

MR. CHERNIACK, (cont'd.)

No. 2. The member said that he had the 1972 DBS statistics, statistics Canada figures, but he deliberately did not use them, he used the 1971 to find out my reaction to what he had to say. Mr. Chairman, he showed that he deliberately played games by holding back information that was up to date and giving outdated information in order to see my reaction. Well my reaction is contemptuous. Mr. Chairman, I don't want to play games. We're dealing with legislation. We're spending the time of this House, the people's time, in order to deal with legislation and I'm not here to play games and the Honourable the Leader of the Opposition - that is not my intent whatsoever.

Furthermore he said, we do not apologize for the delaying passage of this bill. Mr. Chairman, yesterday I was asked by not one reporter, and not two reporters, whether I was prepared to accuse the Opposition of deliberately filibustering on this bill and I said, I would not. I've heard the comments made elsewhere. I would not lend myself to that statement that they were deliberately filibustering. The press seems to have indicated that they may think so. That's for them to draw conclusions, not for me.

But the question that I must ask is what did the honourable member mean if he said that we are not apologizing for delaying passage of this bill; and what did he mean if he is reported correctly in this morning's Tribune of saying that we want more time for this to take in order to be able to hear from other people. If that doesn't mean a delaying tactic, I don't know what it means. I'm not accusing them of filibustering. Let those who are listening to them draw their own conclusions.

Now the honourable member spoke about the need to draw public attention to taxation. By all means one should draw public attention to taxation. At the same time, to be honest, one should draw attention to the fact that substantially more monies that are being proposed to be raised by taxation will be turned back to relieve Manitoba taxpayers from the burden of education and real property tax. It seems necessary to remind members of that. The more they talk about taxation, the more we talk, and the more we will talk, because they won't. Nothing they're proud of, nothing they want to participate in, but the more we will talk about the fact that we will be relieving taxation for education at the real property level to a substantially greater degree than we will be as to taxation.

Now in regard to the Honourable Member for Fort Garry, I do feel he ought to finish his comments and then I do intend to deal with what he had to say.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well just from the comments that the Honourable Minister of Finance has made, on the comments that the Honourable Minister of Finance has made, the tax went into effect yesterday. I don't know what his phone has been like, but I know what my phone has been like. I know the complaints that have already been registered with me. I know the people that have already contacted his department to try and find out the implications of the tax, and I know as well from them the confusion that's been caused because they're not clear exactly what is being covered.

Mr. Speaker, the truth of the matter is that this tax has far greater implications that first may appear, and this is the point that we've tried to mention, and we feel there has been a legitimate exercise on our part that in fact there become some public awareness so that we ourselves will understand the impact of the tax. The Revenue Tax Information Bulletin was sent out only a few days, and the Minister did not have the courtesy to give the members it, we had to in fact ask for it and have it produced by a vendor who was able to indicate it to us that in fact it had been received so that we were in a position to determine exactly the way in which the language was to be presented to the people of what the implications are. And I am also not convinced, Mr. Chairman, even now that the public understand that supplies are to be included in the equivalent of production machinery and the net effect is the increase in the sales tax that we've suggested.

Now, Mr. Chairman, I want to point out to the Minister, we see no justification for an increase of taxation by way of the revenue tax whether it be on liquor, cigarettes, or production machinery, for the alleged benefits that will be given next year by the Education Tax Credit Program when in fact those benefits can come just simply by the result of paring government costs without increasing taxation. And the Honourable Minister of Finance may want to suggest that in effect as a result of this increase, there is going to be a boon in the future and for that reason we should be prepared to welcome such a tax increase, but if he thinks that he's

MR. SPIVAK, (cont'd.) mistaken. People of Manitoba do not want a tax increase. They do not want a tax increase in a hidden form which this will be . . . in connection with production machinery. They do not want a tax increase which will prevent manufactured goods from being able to compete in the markets of the world, because it will be another additional burden. They certainly do not want it for a sleight of hand which suggests a benefit to be given in the future, not today, but in the future, which in fact could be forthcoming by the paring of expenditures. So the Minister of Finance may pontificate all he wants. The truth of the matter is that this tax covers production equipment and machinery that will be bought by those people who were sales tax exempt before. A whole range of supplies, you know a list of which has not really been presented to this House, and I don't think is really understood by the members opposite, which will also increase the cost of production and which will have the effect of increasing prices in Manitoba and the price of goods to be sold elsewhere, and in addition is going to capture a whole range - and I don't even think the Minister even knows what the range is, the lease arrangements in this province - of the various kinds of lease arrangements which will now be taxed on an annual basis. I suggested last night a billion dollars worth of lease arrangements. I don't think that's so unrealistic.

MR. CHAIRMAN: I would respectfully request the member do not be repetitious as per the rules of the House. Carry on, please.

MR. SPIVAK: I'll conclude my remarks, Mr. Chairman, by suggesting that it's necessary that this be debated. That the implications of this are still not understood by many people who yet have not dealt with the suppliers who are going to be charging the tax to them for the goods that will be received, and the reaction that occurred today by Versatile will be a reaction that will take place in many industries in this province when they start to examine what their additional costs are. And the decisions that will be made for expansion, the decisions that will be made for new investment, will not necessarily be publicly declared as in the case of Versatile but will simply be made and Manitoba will be by-passed again.

MR. CHAIRMAN: Resolution 12 -- The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, the Minister has said that he will not respond to my remarks until I have finished them and that's certainly acceptable. I just wanted to make the point that I wanted to separate what I had to say about Versatile from what I was going to say now because I think Versatile is a crisis situation and I wanted to bracket it in the record as being separate and distinct because of the urgency of the situation from the rest of my remarks.

The rest of my remarks, Mr. Chairman, although they really have to do with the legislation in general and with its application on industry in general, are directed as much towards one particular field as anything else and that field is the printing industry. I want to specifically cite the printing industry and those Manitobans engaged in it as being put to critical disadvantage and to extremely burdensome expense, perhaps burdensome enough to drive them out of business as a consequence of the proposed legislation.

In the last ten to twenty years, Mr. Chairman, there has been a revolution in the printing trade in the Province of Manitoba in that rising costs, rising expenditures have forced, either forced many printers out of business, Sir, or forced them to change over in their equipment from the old flat dead letter press kind of printing and production equipment to offset equipment. --(Interjection)-- Well the Minister of Labour says with lesser employees. In some cases that's certainly true and this was partly, this was one of the reasons for the changeover. Expenses were so great that it enabled the new process, enabled them to cut down on overhead at the same time as --(Interjection)-- Cut down on overhead at the same time as they were improving their finished product as a consequence of technological advance and therefore hopefully, in their view, putting a more efficient product into the market. The fact of the matter is that in consequence of this change, in consequence of this revolution, many printing shops in the province went into a fairly heavy capital expense in the last decade to purchase the equipment, the printing and related equipment, necessary to handle the offset process of production. And I could mention as just a few of the items involved, Mr. Chairman, in that kind of production, their plate burners, their large cameras, their offset presses --(Interjection)-- The Minister of Labour nods in agreement - their binders and folders and collators, and there's also, Mr. Chairman, the typesetting and headsetting equipment that one has to have in a shop, most of which is compugraphic, high-speed sophisticated material, machinery, all of which is substantially expensive.

Most of the shops have undertaken these capital purchases on a leasing basis. Very few

MR. SHERMAN, (cont'd.) in relation to the whole industry are in a position in terms of available capital to make direct and outright purchases of the equipment they need. So the normal and usual procedure has been for the printer to purchase this expensive new offset equipment on a lease basis and he is the one now, Mr. Chairman, who becomes hit very hard, and hit a second time in fact by the impact of the legislation before us and the removal of the exemption from sales tax on the kind of production machinery that he uses. We're talking here particularly about the printer who does job assignments, who does brochures, who does pamphlets, who does circulars, who does handbills, that kind of thing. I recognize that when we're talking about newspapers, magazines and periodicals, that's another category, but we're talking about the things that the printer makes his money off of and those are the pamphlets and the brochures to which I've referred.

He has in undergoing this change in equipment found it possible as the Minister of Labour, the government House Leader has suggested, to reduce employment and therefore reduce overhead in his shop up to a point. Although I have spoken with many who were not able to make significant reductions in employment even with the changeover in equipment, many of them were two or three man operations to begin with and there is not a very considerable margin in a two or three man operation for cutting down on that kind of overhead no matter what kind of equipment you go into. But the fact was that the old equipment was becoming obsolete, if not already obsolete, was doing an inferior job, was putting an inferior product on the market, and the printer could not compete efficiently or realistically. That combined with the hoped for opportunity to reduce overhead in other ways and perhaps cut back on manpower, produced the switch --(Interjection)-- produced the switch, produced the switch to the offset equipment, Mr. Chairman.

So now he has his expensive offset equipment, his plate burners, and his presses, and all the rest of it on lease and he faces the taxation, the sales tax which the Minister of Finance proposes on the leasing contract of that equipment which perhaps has been in effect for anywhere from three to ten years already. If he tries to pass that additional taxation burden on to his customers, Mr. Chairman, he'll price himself out of the business. If he tries to absorb it himself, he will use up and effectively erase the small margin that has enabled him to stay in business and operate up to this time.

It's my understanding that there are approximately 235, approximately 235 printing shops operating in the Province of Manitoba, Mr. Chairman, and I can advise the Minister and the government that the margin of profit, the margin of profit in that industry for those operators is extremely small, extremely minimal. It's so narrow that the additional tax contemplated here, proposed here, will be sufficient to wipe it out, and if it doesn't --(Interjection)-- It's so small that the proposed tax in this legislation will be sufficient to wipe out that margin of profit in many many instances. If it doesn't wipe the printer out, it will wipe the margin out so that he's working for nothing. He's effectively in business for no reason at all. It will be sufficient at the very least, Mr. Chairman, to discourage those people engaged in that trade in many instances either from trying to improve the shops that they have, improve the product and the service that they perform or encourage others in their family or elsewhere to follow in that business and in that operation after them.

There is a range, a host of specific anomalies, specific problems for individual operators that one could cite if one wanted to prolong the debate, as the Ministers suggest we wish to do. The fact of the matter is we don't want to prolong the debate any longer than is necessary to talk sense to the government and have them reconsider this kind of legislation, have them reconsider this kind of burden that they're placing on the economy. And I will not prolong the debate by going into ten or twelve cases that I could cite, Mr. Chairman, but I do wish to cite one. I do wish to cite one and it involves a company that has been operating with letter press equipment and has switched over to offset in recent weeks, and this is a company in Manitoba. It switched over to offset in recent weeks and bought the offset equipment necessary and paid the sales tax of course which is as it should be, and is going into the job printing operation which will be handled by a subsidiary. It's necessary because of the way the company operates, and it operates in the news and periodical field, that a subsidiary operation be set up to handle the job printing operation, and once again those orders would be accommodated on the new offset equipment. Now the offset presses and other related offset equipment necessary to handle the job printing orders would be leased from the parent corporation to the subsidiary corporation. The subsidiary would lease it and handle the job printing side of the business from there and

MR. SHERMAN, (cont'd.) the question arises as to whether the subsidiary of that parent corporation now will now be faced with the burden of paying the new tax as a consequence of its leasing arrangement when the parent company has already paid the tax in sales tax form at the time of purchase of the equipment. --(Interjection)-- Well they paid the sales tax when they bought it. --(Interjection)-- I can't tell you when they paid it. My understanding is they paid the sales tax when they bought it and it was this year. --(Interjection)-- Well then they paid it yesterday. All right the problem that they posed to me is that they face the double threat of taxation, the sales tax on the new equipment that they've bought, plus the tax on the lease that the subsidiary would be taking out from the parent corporation to handle the job printing side of the business. That's one question, and as my Leader has suggested there are many companies that have called many of us with many questions and many concerns in the past few days since this legislation appeared in the Chamber. There are probably ten or twelve individual points, individual problems and illustrations that all of us on this side could cite and into which we could go in considerable detail and for which we could legitimately request the Minister's most conscientious attention.

I would suggest, Mr. Chairman, that we have restrained ourselves fairly conscientiously in this respect. We have limited ourselves to citing only one or two examples and to reading only one or two illustrations of this problem and these anxieties into the record, simply to give the Minister cases in point that do exist in the province today and to acquaint him with individual business and economic worries, business and economic questions and anxieties that are causing great concern to people in the economy and that must be attended to by the Minister and by this government if the whole climate is not to deteriorate further in economic terms. It's all right for the Minister to suggest, and I accept it as being part of his political responsibility to suggest that the Opposition is prolonging the debate by introducing individual questions at this time, but it is purely a political argument, it will not stand up it will not stand up realistically, Mr. Chairman, because the fact of the matter is --(Interjection)-- no the argument that the Minister of Finance raises is purely a political argument, when he says that we are prolonging the debate. When he says that we are prolonging a debate he is raising a purely political argument.

The fact of the matter is that this is extremely critical and crucial legislation and if the Minister of Labour doesn't realize that he better go back to school and start learning all over again. He has no comprehension of the impact that this legislation is going to have on the economy of this province. And what's more, Mr. Chairman, he doesn't give a damn, he doesn't give a damn about the effect it's going to have.

MR. SPEAKER: Order. Order. I would suggest that the honourable member confine his remarks to Clause 12. I've already suggested once to the member I don't want to have to remind him again. The Honourable Member for Fort Garry.

MR. SHERMAN: Well, I'm attempting to do that, Mr. Chairman, but we're getting a little fed up with the holier than thou attitude of the government where critical crucial legislation of this kind is concerned. If they think we're going to sit here and rubber-stamp it, they've got another think coming. We're not going to rubber-stamp legislation like this which is destructive to the economy of this province. We had a case in point today of the most recognizable proportions in what Versatile Manufacturing has done.

MR. CHAIRMAN: Order. We've already had Versatile mentioned three times already in the debate on Clause 12. Repetition is not . . . parliamentary . . .

MR. SHERMAN: Well, Mr. Chairman, I accept your admonition but repetition from the government side is similarly and equally out of order, and they have repeatedly tried to hang us and tar us with the brush that we are prolonging debate unnecessarily. What we are trying to do, what we are trying to do, Mr. Chairman, is knock some sense into the government's head where this legislation is concerned because of the effect and the impact on the economy of this province. And we've got to be concerned about the economy. If they're not concerned about the economy where are they going to get the revenues that they talk about for financing these expansive programs in which they want to engage. They've got to be concerned about the economy and this legislation is injuring the economy, and if we have only in the last two or three days had personal representations made to us by businessmen and businesses and entrepreneurs industrialists and manufacturers and working people of one form or another it's because they have not understood the effect of this legislation until just the last two days. It has not been possible for people to absorb and understand fully the impact and the effect of this legislation. That's what debate is all about surely; that's why we're debating it so that

MR. SHERMAN, (cont'd.) people, the government, the Opposition and the people of Manitoba can understand what's involved here. Is that not what Parliament is all about? But the Minister of Finance - no perhaps I should take back what I was going to say about the Minister of Finance, he hasn't been too insistent about ramming the bill through. But the Minister of Labour seems to feel that we are going to sit here and accept the largess in these forms of legislation that come from the seats of the mighty on the other side and rubber-stamp them through, rubber-stamp them through, then you find out two months later that you've wound up with a lousy piece of legislation that's wrecking a certain sector of the economy. Well we're not going to ram it through, Mr. Chairman, we want the government to understand what they're doing and we want some answers on these points.

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MR. CHAIRMAN: Clause 12 . . . The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I intend to be brief at this particular point but the Minister of Finance keeps continually bringing up the subject of every time they put on a tax that they take a tax off or they rebate. And the rebate system is not the answer.

Mr. Chairman, the Minister of Finance has to realize that a tax shift is exactly what it means, a "tax shift", and you're shifting the taxes over to another segment of people or you're collecting taxes, you're shifting them to rebate to people, then on the other hand you turn around and put a tax on production equipment which only means that this will be passed on to the consumer. The list of production equipment or the list of effects which have been presented to us in this brochure, and I don't intend to read them again, makes it very clear that the people who you say you are giving rebates to you're going to pick it up again from them because their costs are going to be higher when they purchase. It's a simple arithmetic equation. You can't raise your budget by \$60 million and say that you're going to get it all back by a tax shift, and it's been proven here because a tax is being put on production equipment which will be passed on to the taxpayer or the citizen of Manitoba and his cost of living will go up. And it's effective in that way.

Again -- the Member from Inkster is here -- and he says you can't have it both ways, so if they're going to pass it on it's not going to cost them. Well it's going to cost the people and again the people are going to get it in the neck because there will not be expansion of industry and certainly there will not be any new industry coming here. So it's a case of get it both ways and the Minister keeps saying, "oh, we're putting on a tax but we've given a terrific rebate." It doesn't just work that way because anybody, anybody in this province that I have talked to in the past week fully realizes that if you're going to have an increase in your budget or estimates the way we have, know that there has to be a tax increase, and this is where the tax increase comes in. You're adding it on to production equipment.

Mr. Chairman, I was just reading in Hansard on Page 1481 and the Honourable Member from Brandon West brought up the question of pollution equipment. Now the question has been asked but the manufacture or the production equipment used for the manufacture of pollution equipment should be exempt and I would like to refer to the Minister the Ontario process at the present time -- and we keep having Ontario thrown at us continually. Ontario collects the tax on production equipment for making pollution machinery but they rebate it when application is made. And is the Province of Manitoba intending to have a rebate system regarding pollution equipment?

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. MCKENZIE: Yes, Mr. Speaker, I have a few questions to ask the Honourable Minister in regard to the wide range of businesses that will be involved with this legislation. I wonder if the labour, the cost of the maintenance of equipment in laundromat stores, the maintenance or repair, is there a sales tax on the labour of that industry?

And of course, Mr. Speaker, this Section 12 which removes the exemption from sales tax for production equipment I think is a most regressive form of taxation in the eyes of a great deal of the small businessmen who have been in contact with me in the last couple of days. They are quite concerned about the tax on the maintenance, repair or the installation. I basically can't, Mr. Chairman, believe that this government, this NDP Government has dropped its great brainchild the ability-to-pay principle, but somehow in dealing with this bill I seem to think that the philosophy or the ideology of the ability to pay has been side-tracked, and what's happened to that old red herring that's been dragged back and forth across the House here many time, the ability-to-pay principle seems to have been deleted from this bill. I think possibly maybe the Minister would explain where the ability-to-pay principle becomes involved in this type of legislation.

Mr. Chairman, this Bill 21 has added a five percent tax on many of the small businesses in Roblin constituency that's already been brought to my attention and no doubt there's all sectors of this province are going to be involved with a five percent tax on the matters that are listed in here. I can't see that why the businessman has to get it in the neck every time it comes around with this form of taxation. Is he a very unpopular person in the eyes of this Minister and this government? This repeal of the section reminds me of the stereotype of a small businessman that was shown on television some couple or three years ago and it showed him as being a sort of an unscrupulous, ruthless, overbearing type of person who would stop at nothing to make his business function and to make a profit. That in my opinion, Mr.

(MR. McKENZIE cont'd) Chairman, is the manner in which our Minister of Finance and this government must be viewing the quality of businessmen and the small businessman that we have in this province, because this section is certainly most regressive in the eyes of those who I have spoken with.

Our small businessmen or a businessman, the members often hear if he appears before our Labour Board he's suspect by the very fact that he dares come to contest a dispute with a union, he becomes suspect right away. If he attempts to hold down his cost which is one of his real problems today, by the ever continuing demands that are upon him for higher wages, he's accused -- (Interjection) -- yeah, he's accused of being anti-labour, and yet we have a Finance Minister here who is imposing a five percent tax on our businessmen, our small business, and it seems to be okay. If a small businessman works too closely with other businessmen he's suspect and he's brought under the consumer legislation and accused of conspiring

MR. CHAIRMAN: Order, please. I would suggest the honourable member he not stray too far from the point under discussion. The Member for Roblin.

MR. McKENZIE: . . . Mr. Chairman, by just trying to impress upon the Finance Minister and the government that the small businessman, the businessman has been made to skip a rope again and been dragged over the coals and he will be the one that will be charged for all these things that the public will be screaming about

MR. CHAIRMAN: Order, please. I'm trying to impress the honourable member that he stick to the question under discussion. The Honourable Member for Roblin.

MR. McKENZIE: Well, Mr. Chairman, I am trying to impress upon the Finance Minister the fact that this five percent sales tax on production machinery which also includes the maintenance, the repair and the installation of equipment in hotels, restaurants, laundries, dry cleanings, textile industries, repair shops, printers, film developers, road builders, manufacturers and processors, mining petroleum and chemical industry and telecommunications. If that doesn't cover this widest possible sector of this province with a five percent tax, then I just can't get your point in, the government's point in this matter. And why, why do we have to tax the production machinery of the most viable sector of our economy. But maybe, Mr. Chairman, the Finance Minister, he has his mind made up and he's not going to change this legislation and he's telling us, the businessman, the small businessman to stop complaining and start competing. How can he compete with another five percent tax on his shoulders? And informal surveys, Mr. Chairman, showed that in the eyes of our school children and some of our university professors today the small businessman is considered to be some sort of a

MR. CHAIRMAN: I don't think that is the subject that is under discussion. Would the honourable member refer to the section and clause that is under discussion. We are not discussing a popularity poll of the members of the business community or other members of the community. What we are discussing is a tax Act and the repeal of a section and I would respectfully request the honourable member to confine his remarks to that section. The Honourable Member for Roblin.

MR. McKENZIE: Well, Mr. Chairman, in Manitoba in my constituency it appears to me that making a profit is almost incompatible and . . . with this government. And yet this businessman, Versatile, who's been expected - he's expected to raise capital. This same businessman is expected to pay a return to his shareholders, and provide new jobs, pay a big portion of the taxes, collect sales tax for all and various taxes for all levels of government, including this five percent now that's being levied on his production machinery, create new products and fight competition from all over the world, and how can he do it when he hasn't got the blessing of the government of the day or the Finance Minister?

And I, Mr. Chairman, in all respect I appeal to the Finance Minister to take another look at this legislation and try and create a more favourable climate in this province for profitable business that's been established, some of them for many many years. I think we live in one of the most highly governed societies in the world in Canada and the achieving of same, I might say, is no longer within the power of the businessman alone due to the huge highly governed society in which he's living. But what we're trying to do here with this legislation is to try, I think, and destroy these small businessmen, and Versatile, with such an excessive taxation on production machinery that they can't live with it and unless we can convince our Finance Minister and the government to withdraw this regressive taxation on our production machinery, I suspect that our small industries like Versatile will be forced to move out.

MR. CHAIRMAN: On 12 -- The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, I would like to make a few comments at this time in regards to this legislation. In listening to the Honourable Member from Fort Garry, and then having listened to some of the comments from the Finance Minister, I can't help but be concerned also about this taxation that we're talking about. I did mention earlier, in the earlier clauses, that it's a tax that we can't afford and shouldn't be applied in any case.

But dealing with this particular section, Mr. Chairman, I couldn't help but wonder when the Minister of Finance had compared it with the tax, the five percent sales tax that we brought in when we were government, and the tax that he is applying now, and I can also think of all the other taxes that have been added by this government. I want to say that in the five percent tax on production machinery it's going to have an effect, and I can appreciate the comments that the Honourable Member from Fort Garry made, because the industry so happens to be in his constituency and the municipality of that area is going to be affected in the local community, it's a matter of a tax base in which government seeks revenues, and if they're going to impose a tax on that particular industry, and I refer to this and we can't get away from it, Mr. Chairman, namely, the Versatile Farm Equipment Machine Company that is producing farm machinery for the use of farms in this province. And the Minister said well, we have to collect taxes in order that we can alleviate some of the education costs to the peoples of this Province. Their motto is not to alleviate but to shift, and the ability to pay is something I think that has become a red herring, and I want to repeat it, from what my colleague the Member from Roblin mentioned, it has now become a red herring, when he talks about the ability to pay. It's no longer so, Mr. Chairman, because the tax on the production machinery is inevitably going to find its way to the product that they are producing, namely farm machinery, and I as a farmer and all the other farmers in this Province who purchase, whether it be Versatile or any other farm machinery, are going to have to pay an increased price.

Mr. Chairman, the Finance Minister asks me how much? I don't think he could answer that question, nor can I, but I can say this, Mr. Chairman, that there is going to be an increased cost to the farmers of this province, and the point I want to make is, is it going to counteract or is it going to be much less than what the Minister was talking about when he talks about alleviating the cost of education. I would say that what he is talking about now in collecting taxes by the increased price of the machine that I'm going to have to buy, is coming out of one pocket, then he said he's going to take that money and put it into the other pocket in which I have to pay my education tax costs. So I don't think he has a valid point here at all. I don't think he has, Mr. Chairman, because I think all we're doing is shifting the burden from one area to another, and we're solving nothing.

So, Mr. Chairman, rather than talk about adding taxes and the new kinds of taxes, I think that the Minister of Finance and his colleagues in his government would do well to find out ways of cutting costs, and he compared this, and I say again, with when we were government. Now, Mr. Chairman, the economic situation in this province is certainly not what it was five, six, seven years ago when that tax was brought in. The people then were more able to afford it, but with the economic situation as it has developed, and I want to suggest to this government things have got worse each year they have been in power, and as a result of this, we can less afford the increased taxes that they are bringing about, whether it be a direct tax on me as a consumer of a product that a company is producing, or whether there's a direct tax on that company, it has a very important bearing on the economic well-being of every one in this province.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNLACK: Well, Mr. Chairman, we've had an interesting, wide-ranging debate. I think I predicted the possibility when I pointed out earlier when we were dealing with other sections that the members were straying far afield, and I was hoping, and I expressed the hope that they would accept the fact that having strayed far afield they would consider that the remarks that were made, were made relative to the areas that we would yet discuss. but it does not appear to be so, we are repeating ourselves day after day now on many aspects so I'll try and keep my remarks as limited as I can in the light of all the things that have been said by one, two, three, four, five, I guess it is, speakers that have spoken from the Conservative Party, since I last spoke.

The Member for Rock Lake at least had the grace not to repeat too much of what was said, and in doing so found that he had nothing much to say, and there is therefore hardly

(MR. CHERNIACK cont'd) anything to respond to except to point out to him that when I asked him how much the increase would be for his farm machinery, he said he didn't know. Well, I would ask him to think in terms of the fact that the production equipment that is being taxed by the production of farm machinery, which is tax free, let's say it lasts six years, the production machinery, it may last twenty years, let's say six years, and if there is a five percent tax on the initial purchase, spread over six years it is less than one percent of the cost of the machine itself. Now I don't know the extent that the cost of the machine plays in the total cost of the production of the finished product, but certainly labour is a pretty important cost; the building that one occupies is an important cost, and I would therefore suggest to him that it has a very little impact, but he would believe me, will he? But he doesn't answer; but others have already said no, and therefore there's no use going further on that.

The Member for Roblin again mouthed the same things as other said. He wanted to know specifically would the labour in a laundromat be taxed and the answer is no, there's no tax on labour in a laundromat. I don't even know why he asked the question. Then he talked about the ability-to-pay principle, and he talked about the businessman gets it. Now he talked about the businessman getting it; the Member for Rock Lake talked about the consumer getting it; and I just want to know who is it that they are protecting here? The Leader of the Opposition who has just entered and has been quiet for so long because of his absence now feels he has to participate again. I didn't hear him which is probably no loss to me or to the discussion we are about to have.

The point raised by the Member for Sturgeon Creek on pollution equipment, I answered it rather extensively I think to the Member for Brandon West, and now the point that he makes is interesting. Pollution equipment is taxed by Ontario because it is production equipment. That's why it's being taxed. It's part of production equipment and is being taxed. I told the Member for Brandon West that we would consider it the same way, but I said the whole question of pollution control is still a matter for study and concern of this government, and if the method may be by way of rebating, if that will help, then I'm sure the government will be considering that, as a method related to pollution abatement, pollution control, not a question of production equipment.

He talked about the shift -- well, Mr. Chairman, he has the peculiar idea that he learned maybe at the knees of somebody who taught him, the phrase, there is only one taxpayer in Manitoba, and I just have to tell him again that there are many taxpayers in Manitoba, and a shift, -- (Interjection) -- he says, that's obvious -- the shift is a question of redistribution of the tax burden, and he doesn't like it. He doesn't like it, Mr. Chairman, so how can I make him like it when I know he doesn't like it, so you know, I just neglect that as being anything worthy of elaboration.

Now the Member for Fort Garry, he made a couple of speeches. Firstly he was talking about Versatile. I don't know the experience of the previous government with Versatile, but I can report that I think one of the first, very early in the time this government took over, we already had Versatile knocking at our doorsteps and already threatening that they were going to move up, they were going to close up, they were opposed to income taxation, they were opposed to duties, they were opposed to so many areas that they were going to move, and every time there was a threat there was also an invitation for an inducement, one was well, I shouldn't go into more detail than to say that Versatile has been very much ready to talk to governments about all its problems, and that's good, I think industry should. But, Mr. Speaker, Mr. Chairman, when they were in trouble, they also knew where to turn, they turned to this government, and this government entered into an agreement where we went on the line for, I'm pretty sure of my figures, some \$6 million, and having gone -- and the Leader of the Opposition now wants to make -- now he wants to ask a question, I want to answer him if he would only keep quiet for a moment. I know it's difficult, but I heard him the first time, and I am prepared to answer him, but the more he provokes me, the less I'm inclined to respond in a gentlemanly way which is not necessarily part of my ability, but I do aspire to that.

When we gave them that undertaking of \$6 million the first effect it had was to stop the bank from stepping on them. I don't know if the Leader of the Opposition knows that. But as soon as it was known, and it was publicly known because we reported to the House, that we were on the line and that they only had to draw on us to get the money, their bank position improved, their supplier's position improved, and they did not actually borrow a penny, but with that guarantee on the line, that's all they needed to overcome a difficult period. Now don't

(MR. CHERNIACK cont'd) pretend that that isn't meaningful because many times the MDC, the MDF of previous years guaranteed and having guaranteed, no money passed, but a signature passed, and in this case a contract was entered into. So don't try to minimize, and they don't -- now, I believe, Sir, there's integrity there, at that time they made it clear that this was a very beneficial move the government made, beneficial to them and their shareholders; they recognized it then, I would hope that they would have the integrity to recognize it now.

Now the Honourable the Member for Fort Garry said why \$1/2 million is what they would be spending on production machinery, the tax, \$25,000 on 1/2 million, at 54 percent income tax, would the honourable member agree that the net effect would be something like \$12,000.00? Will the honourable member who, no doubt, knows what's going on in Versatile to some extent anyway, could he tell us if we withdrew the tax as it affected Versatile, they would stay here in Manitoba? Now he had the honesty to say -- he doesn't say that this alone is what makes them move, but you know it may be that all of us here being in the higher category income group could chip in and raise some \$12,000, and with that inducement maybe Versatile will not expand outside Manitoba, if that's really what he's talking about, because, Mr. Chairman, that is what he was talking about. He was talking about a \$1/2 million investment. He was talking about that being a deterrant. Well I think the people -- oh, by the way, he also talked and, this was really cute, it was really in effect a 56 percent because since they give time payments there's interest payable, therefore the interest rate goes up to 56 percent. That is really bringing in apples and oranges, and that is really bringing in a factor of a deductible expense, I suppose he knows, interest paid is a deductible expense, and how he related interest payable on financing of farm equipment to income tax of 54 percent, I don't know, but probably he does. It may be interest -- the Honourable Member for Fort Garry, because maybe the Versatile people didn't tell him, that in the State of North Dakota, where I understand they announced they were going to move, production machinery is taxed, all consumables are taxable in North Dakota. They do not have any exemption for -- that's our neighbor. Now our neighbor to the west, our neighbor to the east, our neighbor to the southwest, I haven't checked on Minnesota, they do tax production machinery. So don't tell me that Versatile is moving because of production machinery, because of this bill, because, unless, or course, their tax is four percent, instead of five. Yes, the Honourable Member did not say that was the only reason, but he recounted all the other reasons and he zeroed in on this, and said the people of Manitoba must know. Well let them know, let them know that there's a production machinery tax in North Dakota.

Now the Honourable Member mentioned other matters about rental equipment. He described this parent company that bought production equipment and paid a tax on it, and as I pointed out to him, and he agreed I think, that they paid the tax yesterday because they bought the machinery yesterday, or maybe this morning, but you know I really think he was misinformed, or brought in a wrong assumption. I really don't think that he was giving us an actual case of an actual company, which paid an actual tax on actual production machinery bought, because they had from April 6th Budget night until April 30th to make their deal tax free and for them to have waited until yesterday to pay the tax, is to me something incomprehensible, nevertheless he said they did. He said they paid the tax, and now they're entering into a leasing operation, or arrangement with a subsidiary company, in order to lease to them, he says, double taxation. Does the Honourable Member not know that when a company purchases equipment for the purpose of leasing it, that they don't pay a tax? Does he not know that when he was a member of this side and they passed a tax on cars, that the rental companies do not pay tax? That because they buy the cars in order to rent that it's the lessee that pays the tax? Doesn't he know that? If he doesn't where was he when he sat over here and listened to it? I don't know what his answer is, but I guess it was rhetorical question.

A MEMBER: I asked you what the

MR. CHERNIACK: Oh that's right, that's true, and the member who never sat over here is one who ran for a party and supported a party which brought in taxation that taxed clothing that the honourable member is wearing, that taxed many other items, and he supported the party, and now, Mr. Chairman

MR. CHAIRMAN: Order.

MR. CHERNIACK: . . . jumping up and down in his seat. I wish the Leader for the Opposition would learn that leadership includes an example to others. -- (Interjection) --

(MR. CHERNIACK cont'd) And if -- he wants me to take off my clothes right here. Is this what -- that's not against the rules, I'm entitled to start, at least, so I'll do that much.

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Order. Order, please. I just wonder, Mr. Minister, if I could break in to make an announcement? Order, please. I wonder if I could break in to make an announcement. I beg the pardon of the House. I should like to direct the attention of the honourable members to the gallery, to the Speaker's gallery, where we have as our guests Mr. K. Oraczewski, Consul for the Polish Embassy in Ottawa, Professor Muszowski, Dean of the Agricultural Department in Poland, as well as Dean L. H. Shebeski, of the Department of Agriculture at the University of Manitoba. On behalf of all honourable members, I bid you welcome.

MR. CHAIRMAN: The Honourable Member for Point Douglas.

MR. MALINOWSKI: Mr. Chairman, by leave of the House, I would like to welcome our distinguished guests from Poland, in Polish language, if it will be possible.

MR. CHAIRMAN: Does the member have leave? (Leave)

MR. MALINOWSKI: (Spoke in Polish here)

COMMITTEE OF THE WHOLE HOUSE (cont'd)

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I can . . .

MR. SHERMAN: I wonder if the Honourable Member for Point Douglas could assure us that during the course of his remarks he didn't put any plug for Bill 21.

MR. CHERNIACK: Yes, it will be worthwhile in finding out the production machinery laws in other countries and the laws regarding Crown corporations.

Mr. Chairman, I was pointing out to the honourable member that it seems as if this parent company which purchased production equipment in order to leave it to a subsidiary company ought not to be paying tax, even though it paid tax yesterday apparently for it, and they will no doubt consult the lawyer or accountant to advise them on the question of how to set up subsidiary companies for whatever purpose would be beneficial to them. It reminds me, Mr. Chairman, of the occasion when I was instructed to carry out a tax avoidance measure which cost my client some thousand dollars, oh over a thousand dollars in accountants and legal fees, and after it was all completed the Federal Government by a simple ruling negated the whole purpose of it and they had to pay another substantial sum of money to reverse the proceedings. It may well be that the accountant and lawyer that acts for this firm should be employed again to advise them how they can handle the problem raised, but I really can't get too excited about the fact that companies set up subsidiaries and do other tax avoidance schemes, and then somehow get caught when tax changes take place. That's part of a game of life that has been played for many years by many governments.

I want to conclude only in relation to the statement that the Honourable Member for Fort Garry made, and then he sort of excluded me from the impact of that statement, but he did say "they" referring to this side repeatedly hanged us, or tar us with accusations of filibustering. Now, Mr. Chairman, I've not heard anybody on his feet say so. I've heard two members on this side of the House suggest so from their seat and other than that I've not heard anybody make the accusation but it is true I referred to the fact that I'd been asked several times by members of the press yesterday whether I believed that there was a filibuster taking place and I did say, and the Leader of the Opposition was absent when I was referring to his comments that he used the expression "we do not apologize for delaying passage of this bill." Now that would seem to be, to be a deliberate decision to do something and if it's not true, if indeed they are not anxious to delay passage for the sake of delay but really debating it, then he should clarify his statements as well as the statement he made which was quoted in the Winnipeg Tribune last night saying that, something to the effect that if it takes longer then it gives a chance for members of the public to talk more about it. So I don't know whether now in the light of what he said just what a filibuster is. I've never actually found a definition of the word "filibuster" and possibly the Leader of the Opposition could tell me the extent to which filibustering is related to the debate that's going on here. I'm still not prepared to say

(MR. CHERNIACK cont'd) that there is a filibuster but I am prepared to say that some of the speeches that were made today I think were not only repetitious but were just talk that didn't really come to the point very much either. So I'm hoping, Mr. Chairman, that we can pass this section and move on to other sections which, too, are important and therefore carry on with the business of the House, but if it's not possible then we'll just have to go on and listen to repetitious statements because I don't think anything new has been said today, quite honestly, either by me, or by members on the opposite side.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, for the Minister of Finance to say that nothing new, that he doesn't think that anything new has been said today, is an admission of the most abysmal insensitivity and ignorance that we've heard since this session got under way. The whole situation with respect to a major employer in this province, Versatile Manufacturing in Fort Garry, came up today and for him to sit there and say that he doesn't think anything new has come up today, or been said today, is the most frightful admission for the Minister to make in front of the people of Manitoba that one could possibly imagine and he'll have to live with that admission.

Now, Mr. Speaker, let me deal with some of the inaccuracies that the Minister of Finance has put on the record in the last ten minutes. In the first place he referred to the time when I was on that side of the House which is not important except that it reflects the kinds of inaccuracies that the Minister is prone to. It reflects the kinds of inaccuracies that he's prone to. He assumes, you know, that he's right when he says these things but the fact is, Mr. Chairman, more often than not he is dead, dead wrong.

Now, Mr. Speaker, he says that the case I mentioned with the operator or the offset press going into a job printing operation won't stand up under scrutiny. Well let me say that -- I've been wrong before and I'll be wrong again -- and I may have been wrong in saying that that particular printer had paid his sales tax. What he may have said to me was that he is prepared to pay the sales tax on the equipment that he is buying and he sees that as a legitimate responsibility, and I may have been wrong in saying that he told me he had paid it. If that's the case I certainly apologize for giving that impression and I correct the impression by saying that he may well have said to me, I'm going to be buying this equipment; I've set up my plant so as to handle this operation, now I'm prepared to pay the sales tax. But beyond that point, Mr. Chairman, I am not wrong and I submit that the Minister had better re-examine the position that he has taken on the question because when he says to me that the piece of production machinery would only be -- only the lessee would be taxed for it because the machinery was being purchased to be leased, when he says that to me it indicates that either he doesn't understand what I'm talking about or, which is quite possible, I didn't explain it very well, so I'll explain it again. The operator is buying offset equipment in order to produce material of a periodical nature on that equipment. In other words the offset press is going to be used to produce regular printed material. It is also going to be leased to the subsidiary which the parent company is forming to handle the job printing assignments, so in other words the offset press equipment is going to be used in two capacities. It's not just being bought to be leased to the subsidiary, it's being bought to be used in the operator's prime product service and also to be leased to the subsidiary in a subsidiary service. And therefore the question, and I'm merely asking the question, I don't profess to know the answer. I ask the Minister to address himself to the question. Will that company be taxed twice? Once on the purchase of the equipment and once on the lease. -- (Interjection) -- Yes, if the Minister cares to answer it, yes.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, clearly this explanation did come across. The member is now talking about a partial use and a partial lease, and I would say that this would be dealt with on a particular and specific case and the normal way, as has happened before, is for the interpretation to be requested and to be made by my department. There is the mechanism within the Act that makes it possible. So to do it, it's so particularly descriptive that he wouldn't expect me to give him an answer off the cuff and I wouldn't be responsible if I tried.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: Thank you, Mr. Chairman, and through you I thank the Minister for taking it under advisement and both he and I will have to address ourselves to the question obviously.

MR. CHERNIACK: If I may make a correction, it's not taken under advisement but I think this specific case should be addressed to the Department and be dealt with in a routine way.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: I'm sorry. I understand the Minister's point, Mr. Chairman. What I was referring to was the fact that he had given reconsideration to my question when I posed it, having dismissed it earlier, he gave reconsideration to it and offered some advice to me in respect to the solution of it.

Mr. Chairman, the Minister also said a few moments ago that there had been some allusion from this side of the House and by me to the question of filibustering and he suggested that he had not heard anybody except a couple of his colleagues from their seats use the term filibustering in connection with the kinds of debate that we have been trying to produce constructively on this piece of legislation. Well in that respect, and I don't want to waste any time on it, Mr. Chairman, I think the record speaks for itself. It's another inaccuracy which as I suggest is the kind of thing that creeps into the Minister's remarks frequently. If he'd address himself to Page 1499 of Hansard, which is a record for April 28, he will see there a statement by his colleague the Member from Thompson who was on his feet at the time, who accused us of participating or creating a barefaced filibuster with no question about it, and then he went on to use another expression that I don't particularly want to read back into the record. It's on the record now. I have no particular qualms about strong language but it's on the record once and I don't see any particular reason for reading it into the record again. But before he came to that remark he did use the term "a barefaced filibuster".

-- (Interjection) -- Well that may be so but the clear innuendo, the clear suggestion of the Minister's was that nobody on his side of the House has really legitimately made that kind of a charge on his feet. Well he has. The fact of the matter is such a charge has been made a government member on his feet and it is wrong, and it is irresponsible, because our responsibility is to examine the legislation thoroughly. It is not possible to do it in any less time that we have given it. Mr. Chairman, and in fact there is a good deal more to this legislation that needs to be examined yet. There is a good deal more.

Now, Mr. Chairman, another thing the Minister said a moment or two ago . . .

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