

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
2:30 o'clock, Tuesday, May 30, 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 23 students of Grade 7 and 8 standing of the Poplarfield Elementary School. These students are under the direction of Mrs. Chudy. This school is located in the constituency of the Honourable Member for St. George.

We also have 22 students of Grade 8 and 9 standing of the Poplar Hill, Ontario, School. These students are under the direction of Mr. Miller, Sister Zehr and Mrs. Miller.

And we have seven students Grade 9 standing of the Sansome Junior High School. These students are under the direction of Mr. Bruce Churchman. This school is located in the constituency of the Honourable Member for Assiniboia.

And there are 100 Grade 11 students of the Lord Selkirk Comprehensive School. These students are under the direction of Mr. Loewen and Mrs. Drain. This school is located in the constituency of the Honourable Member for Selkirk the Minister of Municipal Affairs.

On behalf of all the honourable members, I welcome you here to the Legislature.  
Presenting Petitions; Reading and Receiving Petitions;

PRESENTING PETITIONS

MR. CLERK: The petition of Earl Duncan and others praying for the passing of an Act to incorporate the Native Alcoholism Council of Manitoba; the petition of Terrence, Frederick, James and others praying for the passing of an Act to incorporate Transcona Country Club.

MR. SPEAKER: Presenting reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports. The Honourable Minister of Finance.

MINISTERIAL STATEMENT

HON. SAUL CHERNIACK, Q.C. (Minister of Finance)(St. Johns): Mr. Speaker, the statement I'd like to make deals with the mill rate equalization within the City of Winnipeg.

Members are aware that the entire approach of this administration toward the restructuring of local government in Greater Winnipeg had three principle objectives. Region-wide standards of service to the extent feasible and desirable, unification of local government staff and a common administrative and personnel system, and equalization of mill rates. In the past, only in the Provincial School Foundation Program and in the financing of the Metropolitan Corporation of Greater Winnipeg were attempts made to levy costs on an equalized basis. The costs of the school special levy and the municipal levy was raised from the individual municipal tax base. Because each municipality had a different tax requirement, and a different mix of farm residential and industrial commercial and other property, the effective rates of taxation varied widely. The former City of Winnipeg residents in some suburban municipalities had to bear the costs of many services which benefited the whole urban area, resulting in a very high rate of taxation. Some other municipalities possessed a comparatively large industrial commercial assessment and their residential taxpayers were therefore the beneficiaries of relatively low rates of taxation. This resulted in unfair municipal taxation as between municipalities.

As a result of the creation of the new City of Winnipeg, all taxpayers will now be subject to the same rate of municipal taxation which is 38,814 mills in 1972. The Provincial Government has also provided a partial equalization of the school special levies. This partial equalization, which is known as the Greater Winnipeg Education Levy, is based on the lowest additional per pupil special levy charge cost within the City of Winnipeg and will amount in 1972 to 15,851 mills over the entire urban area. The remainder of the special levy in each school division is then raised as before on the individual tax base within each school division.

In providing for the equalization of municipal mill rates and the partial equalization of school mill rates, the Provincial Government was aware that taxpayers in certain municipalities which had previously enjoyed relatively low rates of taxation would be faced with increases purely as the result of this equalization. The government recognized that although the result was equitable, residential taxpayers could not reasonably be expected to absorb immediately

(MR. CHERNIACK cont'd) . . . . the full impact of increases due to mill rate equalization and during a period when rationalization of unified services would take some time. It therefore undertook to cushion the impact of the increase due to equalization during a transitional phase. The Provincial Government has determined the actual effects of equalization in 1972. Copies of schedules showing the results of these computations will be distributed to each member.

And may I depart for a moment from my text, Mr. Speaker, to indicate that I would expect that my Estimates will be coming up today and at that time I would propose to distribute to all members the computations for their information.

On the basis of the studies that we made, the Provincial Government has decided that in 1972 it will absorb 75 percent of the increase due to equalization, 50 percent of the increase in 1973, and 25 percent of this increase in 1974. This 75 - 50 - 25 percent formula was selected rather than the originally recommended two-third, one-third, formula over two years. The end result is that over the three subsidization program, the province will pay a total of just over \$3 1/2 million to reduce any tax increase on farm and residential property due to mill rate equalization. On a yearly basis this amounts to \$1,746 million in 1972; 1,168 million in 1973; and just under \$600,000 in 1974, which is the final year of the subsidy program. These are the figures we are using but members will recognize that they will be higher for the subsidy is related to the mill rate. With increased property assessment occurring yearly as we grow, the value of each mill of taxation brings in more money.

Residential taxpayers in three municipalities, three former municipalities, Winnipeg East Kildonan and Transcona, together with those in the Seine River and the St. Boniface School divisions within our new city limits, gain an immediate and direct financial benefit from equalization. Consequently they'll receive no subsidy. The remaining areas will have increases due to equalization and their farm and residential taxpayers will receive a schedule of subsidies based on this increase.

In our calculations, Mr. Speaker, we used a very fair formula after careful study was given to determine just what portion of the taxpayers mill rate increase was due to equalization. Many tax increases, as honourable members who have studied provincial estimates over the years are only too well aware, are due to what we can term natural growth, that is, the increased cost of financing ongoing programs. So we established a system to determine what could be considered the natural growth of costs within the various areas of the City of Winnipeg. The remaining increases we attributed directly to the equalization of the mill rate across the entire urban area. The increase in school costs within each division is precisely known. Their budgets are in, their boundaries have not changed. The increase is due to normal program costs. We know these are rising, and I might digress to say that the province has recognized this by assuming for itself another five percent of the province-wide school foundation levy to bring our share to 80 percent of the total.

With respect to increases in municipal tax rates, we took the average mill rate increase in each area over the past three to four years and projected these to determine what the 1972 rate would have been in each area had unification not occurred. This we can legitimately consider as natural growth. I said three to four years for we used the time period in our calculations which was most advantageous to the taxpayers in each area in determining our subsidy to them. The difference between the natural growth and the actual increase in 1972 tax rates within the City of Winnipeg we attributed to mill rate equalization and thus eligible for subsidy. What this means in each former area of municipality is contained in the schedules which you will be receiving. Some examples will suffice.

St. James-Assiniboia shows a 1972 mill rate increase of some 15.8 mills, one of the highest, with more than half attributable to natural growth. The provincial subsidy amounting to 5.9 mills will reduce the total to just under 10 mills. The dollar value of the subsidy paid by the province on behalf of its residential and farm rate payers is about three-quarters of a million dollars in 1972 alone, or nearly one and a half million dollars over the three year period.

On the other side of the city to the north in West Kildonan, its 9.6 mill total increase, 4.3 mills in it due to natural growth, will be reduced by 4 mills, leaving a net balance of 5.6 mills. Its subsidy this year will total \$175,000, or 354,000 over three years.

Winnipeg on the other hand gets no subsidy, that's the former City of Winnipeg. It has a direct financial benefit from equalization. Whereas its natural growth is almost 5.3 mills, the

(MR. CHERNIACK cont'd) . . . . amount attributable to equalization is minus 4 mills, bringing its net increase down to 1.3 mills. In dollar terms the decrease in taxation as residents would otherwise have paid without equalization is \$1.4 million this year. Similarly East Kildonan's decrease is nearly \$290,000; Transcona's is \$425,000; and in the St. Boniface School Division, the decrease due to equalization is \$222,000.00.

In total, those areas which directly benefit financially from equalization have a resulting saving of nearly 2.4 million, and represent roughly 60 percent of the population. Those areas to be subsidized have a total increase in taxes due to equalization amounting to somewhat less, \$2.3 million. This year's provincial subsidy of roughly 1 3/4 million will help cushion the increase.

There is a further cushion, not directly related to equalization subsidies, which does have a further favourable impact on taxpayers in the new city. This is a 1972 school tax reduction plan whereby the province contributes 50 percent of the school taxes on farm and residential property on a province-wide basis up to a maximum of \$50.00. In assessing the combined effect of the subsidy, plus school tax reduction, on the average assessed property, which is \$5,000 in this urban area, it was found that all residential and farm taxpayers of the new City of Winnipeg with average assessments will enjoy an actual reduction in total 1972 taxes as compared with 1971.

In terms of market value, which is well above the assessed value, we find some interesting figures. We've used St. James-Assiniboia as an earlier example. Despite tax increases in this area, it was found that people with homes which have a market value of up to twelve and a half to fifteen thousand dollars will be paying no more taxes in 1972 than they paid last year when we take the subsidy and the school reduction into account. In West Kildonan the break-even point occurs where homes have a market value of twenty-two thousand to twenty-six and a half thousand dollars.

Mr. Speaker, I almost hesitate to give our final example, in the former City of Winnipeg where, according to the calculations, owners must have homes valued at more than a hundred to a hundred and twenty thousand dollars before they'll experience a net increase in taxes this year over last.

As a further aid I should point out that homeowners and renters will also be entitled to the Manitoba Education Property Tax Credit on their 1972 school taxes when they file their 1972 income tax returns next spring. This program, as members are aware, will replace the present School Tax Reduction Plan and will provide credits ranging from the minimum of 50 to a maximum of \$140 depending on their taxable income.

Taking into account all these measures, the financial impact of equalization will be at the most small and at the best very advantageous. But above all, we have unification in this single urban area which will bring overall benefit in terms of both service and equity to the entire new City of Winnipeg.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): Mr. Speaker, I believe that the Minister of Urban Affairs and the Minister of Finance holding both portfolios in his presentation, must be very apprehensive as to whether the people in Greater Winnipeg will, or will not, accept his rather complex statement, or complicated statement, of what they can expect from the government with respect to mill rate equalization.

Mr. Speaker, we find a sort of basic contradiction in government policy and in its preparation for determination of policy. Last year when we debated the Unicity bill and we asked for the government to produce information as to what would take place with respect to taxation in the years to come, the government suggested that it was impossible for them to know what taxation would be, it would be up to the new council. This year, based on this year's taxation, the government is now in a position to talk in terms of mill rate equalization, and derive a formula that will take care of this year, next year, and the year after. Mr. Speaker, we do not even know what the overall effect of the Unicity concept will be, and we will not know that for some time as the centralization of services takes place and the actual cost is borne by all the taxpayers in Greater Winnipeg. And the truth of the matter is, Mr. Speaker, that this year, this year is the first year, the transition year, and a great deal of the committed portion with respect to centralization will not be borne by the taxpayers in the full year. Now, Mr. Speaker, the Minister of Labour and the House Leader may want to distract me at this particular time, but, Mr. Speaker, let me suggest to you that the people in Greater Winnipeg are

(MR. SPIVAK cont'd) . . . . not going to be distracted from the reality of what has happened. The promises that have been made by the New Democratic Party, like so many of their promises, are now going to be hidden under a complex formula attempting to try and prove that they were always correct in their assumptions and that they are living up to the commitments that have been made. But, Mr. Speaker, I suggest to you that in the announcement of the Minister of Finance and the Minister of Urban Affairs has made, he has made a projection for the next three years --(Interjection)-- next two years, in addition to this year, based on an assumption that he cannot know at the present time, and if he in fact does know that, I wonder why we did not have that information furnished to us last year when we debated the Unicity Bill, and we asked specifically for the information from the government side. Mr. Speaker, I want to refer back to the White Paper that the government produced, or the blueprint as the Honourable Minister of Urban Affairs was inclined to refer to it in his debate on the presentation of the bill, and I want to read for the record what it said --(Interjection)-- Page 33. "The basic task of the Minister and the Cabinet Committee would be, in addition to advising the Cabinet on Urban Affairs policy, to meet with members of the new regional council to execute smoothly, and with the least possible disruption, the various aspects of the transition process. This interim committee supported by technical staff from both provincial and local jurisdictions would be concerned with the following principles. Principle No. 2 that the province be prepared to provide the necessary financial support for adjustment purposes. For example, assistance designed to cushion the impact of the mill rate equalization."

Mr. Speaker, I suggest when the facts are known, and they will be known very shortly, there was no such meeting, there was rather a determination and a declaration by the government of what we intend to do, and this is what we intend to do, and that's it, and they have based it on - tried to minimize the cost to the Provincial Government as opposed to actually meet the real needs of equalizing the mill rate increase for those people who have now been brought into the Unicity concept.

Now, Mr. Speaker, we on this side opposed the government's proposal with respect to Unicity for a variety of reasons, and we expressed them. One was that we were not given all the information. We suggest that the government has an obligation, as we do, to make this work; having gone through this exercise we have to try and make it work. I suggest, Mr. Speaker, that the pittance at this time that the government is giving with respect to this formula, and the complex way in which it is trying to hide what it is actually giving, and suggest that it is greater than it actually is, will do much to destroy the confidence that is necessary for the continual molding of the centralized Greater Winnipeg area.

Well, Mr. Speaker, the Minister of Finance says, as I hope, I wonder realistically whether he can sit in his chair, or stand in his place, and honestly believe that the amount of money that they are now providing in any way, in any way, covers the actual rate increase, the real rate increase that is taking place for those people who have been brought into a Unicity concept against their will. I do not believe that that's the case. And so, Mr. Speaker, notwithstanding that we have a four or five page statement, and notwithstanding the fact that the Minister's Estimates will conveniently be brought forward in a matter of a half an hour, or an hour, to be debated and finished with, with respect to this item, let me suggest to you, Mr. Speaker, that there is no way in which the government will hide from the people the fact that the contribution being made by the province does not meet the real need, and the real increase that is taking place in taxation as the result of a centralization of services, a great deal of which will take place in the next year, and the years to come. So, Mr. Speaker, while we accept the government's statement as a statement of policy, we reject it as a means to properly compensate, or in any way alleviate the increased burden that is being borne by a great number of people who have been brought into a Unicity concept that they did not desire in the first place.

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. SPIVAK: I have a question for the Minister of Municipal Affairs. It deals with the question of public housing. I wonder if he can indicate how many applications, or approximately how many applications the Manitoba Public Housing Corporation would have for future facilities to be completed?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs)(Selkirk): Mr. Speaker, at the present time there is in the neighbourhood of 2,000 applicants for public housing waiting for accommodation.

MR. SPIVAK: A supplementary question. I wonder whether the Minister could indicate why it is necessary for the Public Housing Corporation to be conducting an advertising campaign soliciting people to make inquiries and apply for Public Housing accommodation.

MR. PAWLEY: Mr. Speaker, any campaign of that nature is informational. Some time ago the Honourable Leader of the Opposition raised a similar question. I asked him at that time to provide me with any information relating to this particular area, if it was pertaining to fees being paid for prospective tenants. To this date he hasn't given me that information.

MR. SPIVAK: I wonder if the Minister of Municipal Affairs could indicate whether the Public Housing Corporation is now conducting a campaign soliciting people to apply for Public Housing.

MR. PAWLEY: Mr. Speaker, it's rather unfortunate that the Honourable Leader of the Opposition was not present during Estimates at times, he might then have the answer to some of the questions he raises during the question period. The Honourable Leader of the Opposition

. . .

MR. SPEAKER: Order please. Order.

MR. PAWLEY: Surveys as to prospective tenants are taken in communities where the interest is shown by local people in the possibility of Public Housing. Surveys are taken in order to ascertain who would be interested. This is a requirement of Central Mortgage and Housing Corporation.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Speaker, I have a question for the Minister of Municipal Affairs on the same subject. In view of the over-supply of private houses in Thompson, is the government considering cutting back on some of the Public Housing?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, the entire area of public housing insofar as Thompson is concerned, is presently under review.

MR. BOROWSKI: A further question regarding Autopac in view of the increase in British Columbia of 8 percent of auto insurance, is the government considering increasing it in Manitoba this year?

MR. PAWLEY: Mr. Speaker, I am pleased to say that despite the indications of an 8 percent increase in the Province of British Columbia, coupled with a substantial increase last year in that province, despite promises that were made during the auto insurance debates in British Columbia that rates would be reduced, there is no such intention to raise rates in Manitoba.

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN, Q.C. (Inkster): Mr. Speaker, on a supplementary question, can the Minister tell us whether British Columbia has a compulsory private plan?

MR. PAWLEY: Mr. Speaker, it's of interest to note that the plan in the Province of British Columbia is exactly what the Opposition recommended we implement here, and what the Insurance Bureau of Canada also recommended that we implement here.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSON (Morris): . . . direct a question to the First Minister, and ask him if he would like to take about a half an hour off for his party to caucus over there, so they could get information to one another.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier)(Rossmere): Mr. Speaker, I know that the Honourable Member for Morris has a particular point of view as to the propriety of private members on this side asking questions, and obviously the Member for Morris and I have a somewhat different interpretation as to parliamentary propriety in that respect. I thought, Sir, that when the Honourable Member for Morris rose in his place that he was going to ask some questions with respect to the little red hen.

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOUGLAS WASS (Arthur): Mr. Speaker, I'd like to direct a question to the Honourable Minister of Agriculture. I would like to ask the Minister when it is his intention to present and to make a statement on the Report of the Standing Committee on Agriculture that held meetings all over the province last year.

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet): Mr. Speaker, as the honourable member should know, all reports tabled in the Legislature follow a usual routine, a standard routine.

MR. WATT: A supplementary question then to the Minister. Is he withholding the report and a statement on it because there is no report?

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I direct a question to the Minister of Agriculture. Could the Minister inform the House as to whether he has had correspondence between himself and the Minister of Labour in Ottawa in regard to some assurance that strikes will not hamper the movement of grain at the Lakehead.

MR. USKIW: Mr. Speaker, the Honourable Member for Rock Lake having had a considerable amount of experience in the legislative process would know that the Legislature of Manitoba, nor the Government of Canada, can assure that there would be no interference in the movement of any product due to strikes.

MR. EINARSON: Mr. Speaker, I would like to direct a supplementary question. Has the Minister of Agriculture had any correspondence between himself and the Minister of Labour in regard to this point?

MR. USKIW: Mr. Speaker, I don't know what the honourable member is suggesting. I have not had any correspondence. I think the matter is properly dealt with, with the respective ministers involved.

MR. SPEAKER: The Honourable Member for Arthur.

MR. WATT: Mr. Speaker, I have a further question that I wish to direct to the Minister of Agriculture. Is it correct that the Department of Agriculture, the Minister, or the government, have withdrawn all support for the control of perennial noxious weeds to the farmers throughout the Province of Manitoba?

MR. USKIW: I'll take that question as notice.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I have a supplementary question to the one asked by the Member for Rock Lake. I wonder whether the Minister of Agriculture is able to obtain assurances from the shipping companies that they will continue to ship grain, regardless of whether or not their employees take reduced wages.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I am just as able to obtain an assurance from a shipping company as I am from the Minister of Labour in Canada.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): Mr. Speaker, my question is to the Minister of Agriculture. I wonder if he will make available details of the shared Provincial-Federal new agricultural ARDA Program to this House?

MR. USKIW: Yes, Mr. Speaker, I will undertake to distribute copies at the press release.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable the First Minister. Is his government being consulted by Ottawa in respect to the current negotiations between Ottawa and West Germany for the use of the Shilo Military area as an artillery and tank training ground during the next few years by the West German army?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I can advise the honourable member that the previous Minister of National Defence did follow the practice of informing provincial governments as a matter of courtesy of arrangements and agreements entered into by the Government of Canada on defence matters that might have relevance to particular areas in particular provinces. I cannot say for certain that the present incumbent, the Minister of National Defence, is following the same practice but I will make enquiries.

MR. MCGILL: A supplementary question, Mr. Speaker. In view of the environmentally sensitive nature of the Shilo Sandhills area, I wonder if the First Minister would undertake to see that there is some consideration being given to protection of that area with heavy tanks being used for this purpose.

MR. SCHREYER: Well, Mr. Speaker, of course I can undertake to make enquiries,

(MR. SCHREYER cont'd) . . . . although I would not want this to be construed as any suggestion that the province has any more inherent right of jurisdiction than the Government of Canada with respect to any particular place in Canada. It all depends on the field of jurisdiction being exercised.

MR. SPEAKER: The Honourable Attorney-General.

HON. A. H. MACKLING, Q.C. (Attorney-General)(St. James): Mr. Speaker, the other day I was asked in the House some questions in respect to the policy of the Manitoba Liquor Control Commission in advertising new price lists. The Honourable Member from Swan River inquired as to the nature of the advertising to be carried out and I am advised that it will be, the advertising will be confined to the major daily newspapers in the province. The cost of advertising each of the lists in all of the weeklies was considered to be prohibitive. On the other hand, bear in mind what I indicated earlier that there is a question that there may be further changes in prices as a result of the announced policy of the distillers, and we are hoping we can defer that, or frustrate that if we can.

There was also a question, Mr. Speaker, from the Honourable Member for Thompson, as to the cost of the advertising program, and I am advised that this will cost \$3,000, as compared however to the cost of \$13,000 if we had reprinted the revised list. If a special list was printed it would have cost \$22,000.00.

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, my question is for the Honourable the Minister of Labour. Could he inform the House if any recent steps have been taken to equalize pay scales between men and women performing the same work in Provincial Government Service.

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): Mr. Speaker, there is no differences precisely between pay scales between men and women that I am aware of in the Province of Manitoba Civil Service. Traditionally there were two categories in the Mental Hospitals, one being called nursing attendants and the other nurses aides. Traditionally women were employed as nurses aides and males as nursing attendants. I say traditionally, there was nothing in the specifications or rules that required members of either sex only to be employed. However, it's been drawn to my attention and there has been, I understand, a number of females who have been recently hired as nursing attendants, which calls for a higher level of pay. So I say to my honourable friend, traditionally it appears as though there could have been discrimination between sexes. It was only by tradition and not by legislation or job classification.

MR. G. JOHNSTON: Another question on the same matter, Mr. Speaker. Would the Minister consider sending a memo to all institution superintendents advising and encouraging them to further this action.

MR. PAULLEY: Yes. Mr. Speaker, and I want to thank my honourable friend the Member for Portage la Prairie for having drawn this point to my attention, and also some of the nurses aides associations, or groups, for drawing this to my attention, and as a result of representations by my honourable friend the Member from Portage la Prairie, and others, the department concerned has been made aware of this and I am sure that on any bulletining for nursing attendants or nurses aides, each sex will be receiving equal consideration for the position.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): I would like to direct a question to the Minister of Agriculture. I wonder if he could advise whether the Churchill elevator will be able to accommodate the new type of hopper cars that the Prime Minister announced-the 2,000 grain hopper cars that are being used for transporting grain.

MR. SPEAKER: The Honourable Minister of Agriculture.

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

MR. SPEAKER: The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): I'd like to direct a question to the Honourable the First Minister. In view of the statement made by the Minister of Finance I wonder if you, Sir, or your government, has considered the extension of the school tax equalization to all of Manitoba rather than to only urban Winnipeg?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, the justification for the provincial payments towards mill rate equalization transitional assistance have to do with the concept of the unification of the former municipalities of Greater Winnipeg. Because that was done does not mean it's to be taken as a precedent applicable to all of the Province of Manitoba, no more so than the fact that when the government decided to make payments to those having permit books of the Canadian Wheat Board on the base of \$1.00 an acre on a province-wide total of \$4 million payable to rural Manitoba, that was not duplicated in Winnipeg. And so each general area of public policy must be decided on on its own merits.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I have a question for the Minister of Finance. He in his statement indicated that the average assessment in urban Winnipeg on residences was \$5,000.00. In view of that, Sir, I wonder if he could advise the House what the approximate average assessment of parcels, urban and farming, are in the rural areas.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I suppose somebody can do that kind of an exercise, and you know the Honourable Member for Emerson could probably do it, too, if there's any information he wants specifically as to total assessment, as to number of parcels, possibly the Department of Municipal Affairs would have that. But the figure that I used of 5,000 was the one that apparently a member of my staff received from somebody in the City of Winnipeg as being the average assessment.

MR. GIRARD: A supplementary then. I wonder if the Minister of Finance would consider using the same kind of figuring to obtain the assessment, the average assessment for the rural areas, under the same terms.

MR. CHERNIACK: Mr. Speaker, I don't know just what the honourable member wants, but if he's talking about equalization then how do you find out the cost, or the value, assessed value, or otherwise, of homes which are not assessed. All the homes on farms are not assessed and therefore it would be rather difficult. But this is again an exercise that this government I don't believe has done. It has, possibly, the information could be available.

MR. GIRARD: Mr. Speaker, just to clarify my question I wish not to have the properties that are not presently assessed but rather the properties that are assessed at present.

MR. CHERNIACK: Mr. Speaker, I can only respond by saying that the Member for Emerson has received a payment for research assistance and possibly he, and a few others interested in the answer to his question, could get to work and figure out the answer to the questions he wants.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I'd like to direct my question to the Honourable the Minister of Municipal Affairs. Could he inform the House as to the amount the Auto Insurance Corporation has received in premiums of a recent date that he's knowledgeable of, and also how much has been set aside for reserve purposes out of that money?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, the question relates to information that will be presented in the final Annual Report.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Speaker, on a matter of personal privilege. I would like to correct a statement made in the Western Producer on Thursday, May 18th. The heading, "Manitoba Legislature" and in bigger letters, "By-Election Set for June 16th", and the part that I wish to bring to the attention of this House is in the second paragraph, and I shall read only part of it. It reads thus: "The seat has been vacant since Conservative Leonard Barkman died earlier this year." I feel, Mr. Speaker, in fairness to the Claydon family this statement should be corrected by the paper responsible.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Minister of Public Works. Could he indicate to the House how the auction, public auction of used cars is coming along, and when will the next one be held?

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL DOERN (Minister of Public Works)(Elmwood): Mr. Speaker, I just want to clarify that this is not an auction in the ordinary sense but rather a sale of government vehicles - the first attempted to my knowledge. We have a lot of 50 cars that were put on

(MR. DOERN cont'd) . . . . . public sale, some 30 at the present time. The sale closes tomorrow at noon, and we so far on some 30 cars have over 100 bids submitted.

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

MR. FROESE: Mr. Chairman, I would like to direct a question to the Minister of Public Works on the explanation he just gave. Have these cars been advertised?

MR. SPEAKER: The Honourable Minister of Public Works.

MR. DOERN: Yes, Mr. Speaker, there were advertisements in the daily papers and as well a press release went out last week.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, in the absence of the Minister of Mines and Resources, to the Honourable the First Minister. Is Manitoba being currently represented in negotiations to decide the provincial offshore mineral rights now going on between Ottawa and Nova Scotia particularly. Is Manitoba being involved in these current discussions?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, Manitoba is represented in the same sense as any other province of Canada. The Federal Government has, at least up to now, taken the position that in negotiations with any province bordering international waters that before any decisions are arrived at that all the provinces would be consulted. So certainly this has been taking place. We have received communications and proposals from the Government of Canada with respect to the constitutional question of jurisdiction over offshore minerals.

MR. MCGILL: A supplementary question, Mr. Speaker. Has Manitoba stated its position in respect to what it believes to be its rights on offshore minerals?

MR. SCHREYER: Well, Mr. Speaker, up until the present time we have put forward a position, namely that minerals that are discovered off shore belong to the people of Canada, and certainly we have taken the position that only countries border on international waters, not provinces.

MR. MCGILL: A supplementary question, Mr. Speaker. Is there any current program contemplated for this year offshore drilling in Hudson Bay?

MR. SCHREYER: I'm sorry, Mr. Speaker, would the honourable member repeat his question.

MR. MCGILL: My question was: is there a current program under way for offshore drilling in Hudson Bay? Is there something contemplated for this summer in that respect?

MR. SCHREYER: Well, Mr. Speaker, I would have to check. My latest information is that there are reservations that have been made pursuant to applications for rights to explore and drill, and that Aquatane, which is by the way a publicly-owned corporation owned by the people of France through a subsidiary, located here in Canada, has been engaged in drilling activity off the Hudson's Bay coast and I believe Shell Oil as well. However my information may be dated and I will check.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct a question to the Honourable Minister of Universities and Colleges. I wonder when we could expect a report on the Post-Secondary Commission headed by Dr. Oliver?

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

HON. SAUL A. MILLER (Minister of Colleges and Universities)(Seven Oaks): Mr. Speaker, the Post-Secondary Task Force is expected to report around the end of November or December.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. FRANK JOHNSTON (Sturgeon Creek): Mr. Speaker, I'd like to direct my question to the First Minister. Could the First Minister inform the House why they're still advertising cruises on the Lord Selkirk when it's been booked for the whole year?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, as I explained at the press conference, last week immediately after the question period, that the bookings for the Lord Selkirk are certainly well along. I said that I wasn't certain if it was completely booked. My information was that if it wasn't it was close to being completely booked, and I stand with that information, that bookings are in fact better than last year.

MR. SPEAKER: The Honourable Member for Charleswood.

MR. ARTHUR MOUG (Charleswood): Mr. Speaker, on just a point of privilege. I would

(MR. MOUG cont'd) . . . . like to have a correction on record in Page 2382 of Hansard. I'm quoted near the bottom of the page with a bare "shut up" nothing before it, nothing after it. I'd like the record straight that this should be Mackling, the name "Mackling" should be included with that.

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

MR. G. JOHNSTON: Mr. Speaker, a question to the First Minister relating to the Lord Selkirk. Has the Department of Health and Social Services made their annual booking?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I believe I commented on that on Friday morning last.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I was going to move Supply but . . .

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: I'd like to ask a further question of the Minister of Public Works. Is it the government's intention to continue their practice of just advertising these auto sales in the Winnipeg papers and not in rural papers?

MR. SPEAKER: The Honourable Minister of Public Works.

MR. DOERN: Mr. Speaker, I think that we will determine the success of the sale and if necessary we will expand our advertising campaign, but I might point out to the honourable member that I believe that a fair number of rural people do in fact read the Winnipeg dailies.

#### ORDERS OF THE DAY

MR. SPEAKER: The Honourable Minister of Finance.

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

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

#### COMMITTEE OF SUPPLY

MR. CHAIRMAN: Resolution 40 (a)--passed; (b)--passed; (c)--passed; (d)--passed; (e)--passed . . . The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): Mr. Chairman, the Minister when replying to the several opinions given, he did not comment on my suggestion, or my recommendation, or whether or not he had an intention to do something towards the dental problem in northern Manitoba, particularly amongst the Indian and Metis people, and certainly the children. I wonder if he would care to comment on that.

HON. RON McBRYDE (Commissioner of Northern Affairs)(The Pas): Mr. Chairman, the area of dental services properly comes under the Department of Health and Social Development. There has been an increase in these services and an improvement in these services, but I'm sorry I can't describe in detail in what communities these improvements have come about. He'll have to get that information from the Minister of Health and Social Development.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: On the same subject, Mr. Chairman. Could the Honourable Minister tell the House as to whether or not the dental staff still stands at one dentist for northern Manitoba for the purpose I have outlined.

MR. CHAIRMAN: The Commissioner of Northern Affairs.

MR. McBRYDE: Mr. Chairman, I'm not aware of exactly where that figure would come from. There is more dentists -- I suppose one department has one dentist. I can't answer that question, Mr. Chairman.

MR. BILTON: Mr. Chairman, I'm sure with the comments that have been made that the Minister will take the matter under advisement and do what he can in that respect for the people.

MR. CHAIRMAN: Resolution (e)--passed; Resolution (f) . . . The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I notice a tremendous increase in (f) Shared Community Projects. I wonder if the Minister could inform us as to what projects he is talking about, how they are shared, and the number.

MR. CHAIRMAN: The Honourable Commissioner of Northern Affairs.

MR. McBRYDE: Yes, Mr. Chairman. I wonder if the member wishes me to -- were you here yesterday? Did you get some of the explanation of the increase? --(Interjection)-- The increase is due to a number of projects, and I answered that question in detail. But the other thing that I do have here that if the member wishes it, is the method of cost-sharing with communities. If that's the information he wishes, I have that available.

Within the Department of Northern Affairs, Mr. Chairman, the capital projects such as roads, water supply, bridges, docks, electrification, garbage disposal, sidewalks, drainage, fire and police protection, dams, weirs, traffic signs, and town planning, that include site investigation surveys and legal costs, and this is 100 percent picked up by Northern Affairs. The services that are 100 percent the responsibility of the Commissioner of Northern Affairs are street lighting, garbage collection and disposal community buildings' maintenance, skating rink, recreation grounds, water supply and distribution, recreation equipment, sidewalks, office equipment, local diesel generators. On that recreation is not -- it's 100 percent on the first \$500.00 for recreation purposes. The services that are shared on a 75/25, that's 75 percent from the Northern Affairs Commission and 25 percent from the Community Council, are the equipment such as truck tractors, or equipment that might be used in the community to service the community; the road maintenance in the community is on a shareable basis; drainage maintenance is on that shareable basis. Bridges and docks are on a 75 shareable, but there is some distinction, I think in terms of repair and maintenance and the original capital costs of the dock. The community halls are shareable on a 75/25 basis and other community buildings. I'm not sure what that might be, that could be an administration office building, building of that nature, or an equipment building to hold the equipment in the community. The fire and police protection is on a 75 percent by the Commissioner, 25 percent by the community. There are on occasion, where there is a special service needed, that we negotiate and determine a formula by which we share the cost of that particular service in a community. The cost-sharing that is useable, that is when the community is required to put up 25 percent, that 25 percent has to come from their local fees that they have for services, from property tax revenue, from unconditional grants. Those are the sources from which they can get money. If they're getting money from another government department then it's not shareable on the basis that I outlined. And each community, Mr. Chairman, sets out its own budget, and we're going through that process now with some of the communities, and going out and meeting with them, getting them to look at the resources they have within the community and to set a budget that can be cost-shared in the way I mentioned.

MR. CHAIRMAN: Resolution (f)--passed. The Honourable Member for Rupertsland.

MR. JEAN ALLARD (Rupertsland): Mr. Chairman, on Resolution (f), I am interested in the share part of the Shared Community Projects because they obviously involve shared-cost programs and since last year they were in the - the figure was something like \$348,000 that they shared, could the Minister advise the members how the communities are to raise their share of a total amount of over a million dollars. Do they have new sources of revenue, or does the government intend to give them any funds, or monies, in addition to the amount that is given as unconditional grants? --(Interjection)-- I'm afraid that welfare payments can't be put into this fund. But I'd like to have the Minister explain to us how they're supposed to raise their share of the funds, and what effective control they have over their own affairs beyond that unconditional grant in the amount of something like \$10 a head, I believe.

MR. CHAIRMAN: The Honourable Commissioner of Northern Affairs.

MR. McBRYDE: Yes, Mr. Chairman, the - maybe I'll explain first of all where the increases are coming in since the honourable member was not present yesterday, and I'll just briefly explain where the increases are, and then how these are shared.

The largest increase in the Shared Community Projects is the increase in servicing requirements as a result of the Remote Housing Program, and I went into that in considerable detail last evening, and that is when new houses are coming into a community, the community usually wishes, and it's a requirement of the Manitoba Housing and Renewal Corporation that the land be properly sub-divided and titled, and that the proper streets and drainage, roads, etc., are provided. And this is one of the major items of increase in this Shared Community Projects aspect.

Now in that particular case, Mr. Chairman, a considerable amount of that since it's new construction would be 100 percent the responsibility of the Northern Affairs Commission.

(MR. McBRYDE cont'd) . . . . However, in some communities that would be cost-shareable, Roads are cost-shareable, as are airstrips with the Federal Government in Department of Indian Affairs.

Another increase is the increased emphasis on electrification, and this is monies to be used in communities that don't qualify for the hydro program of 50 consumers or more - the two communities that are being assisted by Northern Affairs for electrification happen to be in the constituency, I believe, of the honourable member who just asked a question.

Another is the improvement of provision of water supplies through a setup of deep wells and pumping stations. Another is the increase in the community programs. Another increase will be the increase required in terms of the, really the modernization, or the complete re-building of the Community of Wabowden. Another is the docks and bridges which I've mentioned how they were cost shareable already; and another is the general workload increase within the Commission.

As I mentioned, Mr. Chairman, these items - communities are being encouraged to prepare a budget in some cases, and this budget - they'll have their own funds in terms of local fees in terms of local taxation in the unconditional grants and in a \$2.00 per capita grant that the --(Interjection)-- \$2.00 per capita grant that the commission pays to the communities. These are the basic sources of funding that they have available to them, and this is shared on a basis that I just read out to the Member for Rock Lake.

On some cases, Mr. Speaker, as I mentioned last night when we are going into the community constable program, it appears that at least one of the communities just won't have the funds to cost-share in that program but it seems to be such an urgent requirement in that community, that we'll probably have to make a special exemption and pay 100 percent of that community constable program in that particular community. But I believe the cost-sharing, and this is the way we would prefer to keep it as much as possible so that the community is fully aware of the total costs of programs, and so they can be fully aware of this when they are trying to prepare their budgets in conjunction with our staff, so that they can be the ones that actually make the decisions as to what facilities are going to be provided in their communities for the up-coming year.

MR. CHAIRMAN: The Honourable Member for Rupertsland.

MR. ALLARD: Well, Mr. Chairman, I want to thank the Minister for his answers, but I still am somewhat concerned about the ability of the communities to raise their share of something over a million dollars if last year they had some difficulty in raising their share of \$348,000.00. And I'm wondering whether the Minister has considered the - whether anywhere in the Estimates there are funds for equalization grants of some nature for these communities to allow them to put up their share of programs that come up. It would seem that the unconditional grants set up in the amounts of eight or ten dollars are totally inadequate, and I'm just wondering whether there are new funds and, if not, whether there is any plan to help the communities to raise the necessary funds to meet their shares of the new amounts, whatever the programs may be, the additional amounts.

MR. CHAIRMAN: The Honourable Commissioner of Northern Affairs.

MR. McBRYDE: Mr. Speaker, the number of projects they may undertake of course would be determined to some extent, except for those that are 100 percent, and there's a reasonable list of those that are 100 percent payable by the province and the Commissioner of Northern Affairs, but except in those cases, they would be required to put up a certain amount of community funds on their own. Now this subject came up somewhat yesterday, Mr. Chairman, in that I don't suppose that there's any community, or any department of government, that feels it has enough funds to do the things it wants to do, and I'm sure that that's the feeling in many of the communities that they can't undertake the projects that they wish to undertake. In terms of local projects, of course there has been over the last two years a considerable amount of activity in the communities that come under the Commissioner of Northern Affairs through the PEP, and more recently this last year, Mr. Chairman, through the Local Initiatives Program, there have been a considerable amount of funds coming into these communities.

There are probably a few communities that have other sources of funds. The communities of Moose Lake and Easterville that have a certain amount of funds allocated them because of the Forebay Agreement from the Grand Rapids Forebay flooding that affected their community can use, I would believe, those funds as a basis. Is that correct? They could use

(MR. McBRYDE cont'd) . . . . Forebay fund as a basis for their 25 percent?—(Interjection)—Excuse me, Mr. Chairman. No they can't use those Forebay funds on that basis. So it comes from that limited base that I mentioned. The cost-sharing formula we are presently reviewing those - this is the present formula in existence, and I am not sure at this point, Mr. Chairman, what changes will be made in that cost-sharing formula.

I'll have to mention, and I think it's quite fair, and I repeat this quite often when I'm talking to the Community Councils, that in terms of the cost-sharing service, and in terms of the provincial amount, they are of course better off than other communities, municipalities, local government districts, etc. Of course, Mr. Chairman, this is necessary because with the possible exception of one community that presently falls under the Act, these are economically disadvantaged communities that have little resource in their own community and therefore it's necessary for the province to make a greater input to assist these communities acquire for themselves the bare necessity of municipal services in their own community.

MR. CHAIRMAN: (The remainder of Resolutions 40 and 41 were read and passed.) That completes the Department of Commissioner of Northern Affairs.

The next department is Urban Affairs. I would refer honourable members to Page 40, Resolution 115, The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I am about to make some introductory comments. My salary is not in question as this stage. I will be distributing the sheets that I referred to earlier when I made the statements, and I will want the assistance of my staff when, if and when, we deal with those statements in particular. I'd like to get the feel of the committee as to the stage in which my staff is entitled to come down to assist me. But possibly there might be some indication. There's no urgency because I intend to make a general statement but since they're sitting around, they're waiting around upstairs, could there be some indication from the committee as to when they can come down?

MR. FROESE: Mr. Chairman, on that point of order, if I may raise . . .

MR. CHAIRMAN: The Honourable Member for Rhineland on a point of order.

MR. FROESE: Yes, the Minister questioned whether - about response to his, or to indicate as to when his staff should be called in. As far as I'm concerned they could come in right now, I take no exception.

MR. CHERNIACK: Very well. On the basis of the consent of the Honourable the Member for Rhineland I would like my staff to come down and join me here.

MR. CHAIRMAN: Agreed? (Agreed).

MR. CHERNIACK: Mr. Chairman, the 1972/73 Estimates for Urban Affairs provide funds for the subsidizing of the mill rate equalization in the City of Winnipeg and for the establishment of a small staff for Urban Affairs. A Deputy Minister was appointed on November 1, 1972 in the person of Mr. Andrew Currie who has a long biography of service for the people in Manitoba. He has served the province and the school division, No. 1 of Winnipeg, and the province again, and then the Metropolitan Corporation where he rose to assistant to the Chief Director of the Corporation, and then was enticed to join the government again as Deputy Minister for Urban Affairs. He now has the support staff of two assistants, the assigned services of a departmental solicitor, and secretarial and clerical assistance. And may I say, no doubt to the embarrassment of the young man who has come to sit down in front of me, that I would not normally single out any individual in any department for which I was reporting except for the fact that he has done exceptionally hard and heavy work in the last short period of time in working on the mill rate equalization formula, the tables for which will be distributed very soon, and I do step out of line, and I do recognize not only his presence but the work that he has done which is really exceptional in this regard. That's probably the last time I'll be kind to him, in public anyway.

As I've said, the staff to accomplish these things is very limited but my deputy and his small group have demonstrated their ability to recognize areas of common urban concern and to organize to respond to these problems. With the continued co-operation of departments with direct urban interests, our Urban Affairs staff will remain a relatively small one. Additions will be made as it becomes necessary to respond to urban problems with staff resources not available in other provincial government departments.

The Urban Affairs Committee of Cabinet has been active not only in consideration of matters of urban policy but in the establishment of a continuing consultation process with the council of the City of Winnipeg. It's no exaggeration to say that both political and staff

(MR. CHERNIACK cont'd) . . . . . consultation with Winnipeg are now being carried on regularly and more effectively than ever before, the creation of this department.

During 1971, pre-election and transitional phases of the new City of Winnipeg, the Provincial Government gave considerable assistance. Task Forces were organized using both provincial and municipal staff, as well as consultants, to identify problem areas in the local government reorganization, and to suggest solutions for the consideration of the new City Council. These Task Forces covered such areas as personnel, administrative organization, community committees, financial management and accommodations. In all, there is something over ten Task Force reports that were prepared during the transitional period. In addition to heading the Task Forces, the services of consultants, Mr. Tom Plunkett, who's known nationally in municipal affairs on organization, and Mr. Jeffrey Wilkins, who is a senior Civil Servant of the Federal Government, who was loaned to us, and who is an expert on personnel, were made available to the city until March, 1972, to assist during the initial very difficult reorganization period, and I've received nothing but commendation from city council people for the contribution that they have made. Provincial staff and consultant advice was requested by the City Council and was readily supplied to nearly every community committee to help them in understanding this new vehicle for local involvement in urban government. Frequent consultations took place with the city council members and city staff on legislation, that is on The City of Winnipeg Act, to assist the city in legislation, and in that case the province provided the services of consultants, Dr. Meyer Brownstone and Professor Dennis H . . . both of whom were present during the Law Amendments Committee dealings with The City of Winnipeg Act in the last session, and are therefore known to members of this House.

Since the establishment of the Urban Affairs Ministry staff in November 71 considerable progress has been made. Effective liaison and working arrangements have been established with the City of Winnipeg and with Provincial Government departments and with the Federal Ministry of Urban Affairs. A staff co-ordinating committee has been established of senior officers of all Provincial Government departments which have a direct input to the City of Winnipeg. This has resulted in Urban Affairs becoming the official channel of provincial-city communications and the continuation of the Task Force approach to major problems.

An information service is being developed to meet the needs of provincial departments, the city, and the public, on matters of urban interest and concern. The demands for this service by telephone, by mail, are increasing each month.

Amendments to the City of Winnipeg Act have been drafted with the object of improving the political and administrative processes of the new city, and they are now in the stage where they are being reviewed by representatives of the city council who will be again reviewing them with our Urban Affairs Committee in preparation for bringing them forward to this session of the Legislature.

And finally a formula has been established to provide subsidies to those residential and farm taxpayers of Winnipeg who have a substantial increase purely as a result of equalization of municipal mill rates.

And I'd now like to have the messengers distribute to all members the material that has been prepared. These are extensive because we felt that members of the Legislature, and of this committee, might be interested in all of the calculations. In all there are some seven schedules which relate one to the other and show the manner in which we've arrived at the formula actually which was presented to this House earlier this afternoon. In addition to that is a document consisting of some three pages showing the impact of equalization in 1972 for each municipality, and each school division within a municipality, so that members of the Committee and the public can see what is the impact of equalization as it affects them in 1972.

Now, Mr. Chairman, the Leader of the Opposition referred to the policy paper which was used by the government in presentation of this program in connection with the reorganization of the Greater Winnipeg area, and referred to Page 33 the transition process and the undertaking of this province. Mr. Chairman, there isn't the slightest doubt in my mind that each and every commitment that this government made in the policy paper, and at its public announcements, and at its meetings, have been carried out, not only substantially but greater than the undertakings themselves were. There isn't the slightest doubt in my mind that the proposals in this paper which culminated in legislation passed by this House will be beneficial to all of the residents of Greater Winnipeg in that they will all now be involved in the growth and development of the capital city of Manitoba consisting of one-half the people of Manitoba,

(MR. CHERNIAK Cont'd) . . . . They will all be united in an attempt to make this city grow; there will not be any divergence of view, I believe, that was evident before where municipality competed with municipality for tax base, where municipality competed with municipality for ability to provide better services for their own people, but that they will not be thinking on a broader scale, on a more global approach to the problems that face the future in the urban areas of this country.

Certainly I think that Winnipeg is now about to become ready -- and I put it in that awkward way to show that it isn't ready yet but it is now in a position to start dealing with urban problems to an extent that I don't think any other city of which I am aware can cope because the responsibilities are clearly defined and the opportunities are there to cope, and yet we feel that the city council representing -- being elected people from the City of Winnipeg are the ones who are in the end responsible for the progress within the city. The province has created the framework -- the Leader of the Opposition used the expression "blueprint". I don't recall using the expression but there's nothing wrong with it -- but we have created the framework within which the new city and its council can build and develop a co-ordinated effort to deal with municipal problems and urban problems. And we feel that having made that possibility, having created that framework, it is our job to work with them, and that's a slow process. The city council was elected early in October and they themselves will agree that they are not yet fully in control of the city's affairs, there is so much for them to do, and they are working hard at it, and each of us can have our own opinions as to whether they're spending too much time on trivia or not, in the end they make the decision. But they are now starting to organize, and they are starting to look for the efficiencies which can be created as a result of unification. And when the Leader of the Opposition referred to the undertaking of the province on the transition process he was right in pointing out our undertakings which was: to work with members of the new council to execute smoothly and with the least possible disruption the various aspects of the transition process. This we have done to a very large extent.

Task forces started working well before the election of the city council. As soon as the council was elected the task forces started to report, and to this day, Mr. Chairman, I'm not aware of the full extent of their reports because their reports were turned right over to the city; the personnel were made available to the city to consult with them and to discuss it with them.

The interim committee supported by technical staff would be concerned with the following principles -- that's the Cabinet committee -- would be concerned with the following principles. Firstly insuring that proper consultation is carried out with all organizations or employee groups. That has been done. We have been involved through our task forces in all of the areas referred to in Page 33 dealing with guaranteeing to employees that they would not suffer as a result of unification, that their certification would be protected, that their collective agreements would be protected, and that their successor rights would be protected, and this has been done.

We undertook further that the province is prepared to provide the necessary financial support for adjustment purposes. For example assistance designed to cushion the impact of mill rate equalization. And the Leader of the Opposition referred to that, and claimed this was not done. Mr. Chairman, I refer to the work done by the assistant in Urban Affairs. Throughout all his work he was working closely with the administrative staff of the City of Winnipeg getting the necessary information, discussing the approach, and as I said earlier, the sheets that you have before you, the schedules, were all reviewed with, and to some extent prepared by the people of the City of Winnipeg in order to make sure that the information we have was accurate and our calculation was in accord with the principles that we laid down.

Now as to the formula itself, this was discussed with representatives of the city. The city came to us, met with us with their proposal, which they made public, and their proposal was to accept as a natural growth a three-year average of growth in total mill rate. We then worked on their proposal, we worked on our own, we refined the formulae. You see before you what I believe is a much more logical and even more accurate calculation of the cost of equalization, and we then presented it to the city and discussed it with the city. The final decision was actually not made until after the meeting held with the city representatives. And I say that the city representatives would have liked to have seen us give more money, but the quarrel was not with the formula but rather that they would like to have seen 100 percent paid

(MR. CHERNIACK Cont'd) . . . . rather than 75 percent. They would have just liked to have seen more money given, but they acknowledged, and I believe that's true, that they acknowledged that what we were doing in this formula was better than we undertook to do. Because what we undertook to do in this paper was what we considered minimal, and it is absolutely true when the Leader of the Opposition said that we did not give forecasts, we did not, and we said we couldn't. And the fact is we couldn't; and the fact is that nothing that has happened in the interval has supported our statement that we couldn't forecast what would be done. No one was able to forecast what the school divisions would be charging to the taxpayers on the mill rates. No one could have forecast what the city councils would have done if they were in existence today. And we didn't try it, and the only person who did was somebody who would not show us the manner in which he calculated this forecast, and his forecast was a pretty extravagant one. We said we know taxes are rising from year to year; we know mill rates are going up, and all we're saying is that on the basis of the 1970 actual we could show what would have happened in 1970 had equalization of tax base taken place. No one has challenged the accuracy of those figures. Now in 1972 we know what the school costs are; we know what the municipal costs are, now we can report on what we know and give figures that are not projections but are calculations based on a logical formula. And therefore we are consistent now as we were then with dealing with facts that we know and the assumptions are such that are very easy to understand and they favour the taxpayer rather than the other way as compared with the City of Winnipeg's presentation made to our Cabinet Committee. So that I say that we have done well.

The Leader of the Opposition has said, next year will tell the story. Mr. Chairman, next year will not tell any different story in relation to equalization of tax base. Equalization of tax base is something that is a calculable item and was indeed calculated. What we don't know, and we said that two years ago, or almost that, and we still don't know, as we didn't know then, what the city council will decide to do next year. We certainly don't know what the school board will decide to do next year. The city council this year has announced that it has held the line because it felt that it inherited a large staff and it had not been able to shuffle the staff around. They believe, as I do, that there may be certain redundant positions there. It'll take them time to sort it out and when they do there will be efficiencies created. There will be actual reductions in staff in certain areas in relation to the provision of services, or conversely there will be improved services that will result from a proper reorganization and restructuring.

You know, Mr. Chairman, I got into a little bit of trouble when I was in the Community Committee of West Kildonan a week or two ago when I said that I thought it was unfortunate - I expressed my own personal opinion - that the police rates of pay in West Kildonan were arbitrarily -- and the word is correct because the arbitration board did it -- raised to a level of equality with the City of Winnipeg. I felt that that was not the attitude, that it should have been something where there was a study made on the qualifications for the job, on the requirements for the job, as it related to other areas of Greater Winnipeg, as it related to the City of Winnipeg, in the expectation that there would be a possibility in either reduction of staff, or better use of staff, so as to prevent the normal growth that we all knew was going to take place from year to year, year to year. And these kinds of efficiencies that the city council can create should affect next year's budget. Any increase in program that the new city decides on will affect the budget. The extent to which it is done nobody knows, except those who wish to make wild statements unsupported by actual knowledge. Therefore again I will not predict what will happen next year to the mill rate. We have elected -- when I say "we" I mean the people of the new City of Winnipeg -- have elected representatives whose task it will be on the school board level, and on the council level, to work out a budget which is within accord with their means, and in accord with the requirements of the city and of the various sectors. So, Mr. Chairman, we undertook to provide assistance to cushion the impact. Insofar as residential and farm areas are concerned, we did it. We gave a formula by which we proposed to do it; we've improved on that formula, and I don't back away from anything said in the policy paper as being one that we've not honoured. We've honoured it and more than honoured it.

Mr. Chairman, the forms have been distributed. I don't know whether members would like me to run through them and explain them. They are very complicated. I will of course answer questions, but let me first refer to the sheets entitled "Impact of Tax Base Equalization"

(MR. CHERNIACK Cont'd) . . . . . because this really in essence is what the ratepayers themselves really care about. That is what is the effect on them. And if we run through them you will see the manner in which they were calculated. If you want to look at the first one only because it happens to be the first on the sheet, we show the actual 1972 mill rate for Charleswood, that is the St. James-Assiniboia No. 2 School Division. The actual 1972 mill rate is 71.427. Well then our calculation: we start with the actual 1971 mill rate which is known. We divide that into school and municipal. Then under the normal -- across the normal increase line we show the known increase of school costs attributable to that area based on its assessment and then we arrive at a figure of 3,817 mills normal increase for schools. The normal increase for municipal of .463 is attributable, calculated rather, on the basis of the average of four years. Now the average for three years was .550 mills. The average for four years was .463. Therefore we decided as I explained earlier to take the lower of the two which happened to be the four-year average and assume that to be the normal increase. Had we followed the city's proposal we would have assumed the three-year, .550, and therefore said the normal increase would have been .550 instead of .463. In this way we certainly favoured the residents, the ratepayers of Charleswood by giving them the lower of the two, which in this case happens to be the four-year rate and that brought us to what we would call an unequalized 1972 mill rate of 60.06. Nobody in his right mind would have tried to forecast this figure a year ago and no one in his right mind did forecast it - but now we know what it is because we have the figures, so having calculated what the impact is as a result of equalization, and applied our 75 percent subsidy to that, we found that the Provincial Government would pay 8.6 mills on behalf of the ratepayers of that school division area in Charleswood, arriving at a total of 6,8660 mills. Deducting that from the actual we find 2,767 mills as being the amount of increase payable in that area in this year, attributable to equalization.

The Charleswood (Assiniboine South) 3 School Division shows an increase attributable of 3,351 mills. The next stage shows East Kildonan where we find that although there is an increase of 1972 mill rate over 71 . . .

MR. FROESE: Could he tell us what schedule he was referring to? To what schedule were you referring to in addition to the . . .

MR. CHERNIACK: The long sheets, which start with page 1, having the text halfway down and then start with Charleswood.

MR. FROESE: But the other ones that you made reference to . . .

MR. CHERNIACK: Pardon?

MR. FROESE: The other ones which you made reference to in comparison.

MR. CHERNIACK: I haven't come to those yet. I've not dealt with those. I am going through this sheet - and I move now to East Kildonan, which is an interesting one showing the obverse of an increase in mill rate and it's important that we understand what that is. The actual 1972 mill rate is 69.227. The actual 71 mill rate is 71.4 which shows a decrease of some 3.2 mills, a decrease, an actual decrease - but the important thing to note here, Mr. Chairman, is that the normal increase without equalization in East Kildonan, would have been 3,764 mills - and in the normal way based on the calculation I have already described, East Kildonan would have had a mill rate this year of 75.164 which is almost 4 mills higher than last year. But the effect of equalization in East Kildonan has produced almost a 6 mill decrease which more than absorbed the normal increase for East Kildonan in this year. The result is that East Kildonan has a decrease in actual dollar taxation this year, a decrease from 71.4 mills to 69.2 mills - an actual decrease of some 3 mills in taxation, but 6 mills are attributable in reduction to equalization so that the 6 mill reduction absorbed the 3 mill increase and ended up with a 3 mill decrease in actual payment.

And so it goes along. I should explain others - Seine River in Fort Garry which is really the St. Norbert area, has a decrease attributable to equalization of almost 11 mills. Their actual reduction in taxation is some 15 mills because they benefitted from equalization to the extent of almost 11 mills but also they would have had a normal decrease according to our calculation of some 3-1/2 mills so that in addition to their normal or natural decrease of 3-1/2 mills, they have an 11 mill reduction due to equalization.

Now I would like to touch on Old Kildonan for a moment, because that's a little more awkward to understand. Actually we find in Old Kildonan, that in the school portion there was a normal decrease of some 6 mills. I understand that the reason for that is a little bit complicated and I'm not sure that I can really explain it adequately but I'll try. That area of Old

(MR. CHERNIACK Cont'd) . . . . Kildonan has had a very large increase in assessment in this year, almost double. The Foundation Program and the balanced assessment is related to last year's assessment as a result of which in this year, they are the beneficiaries of a high increase in assessment but still carrying forward last year's balance assessment which produced for them a highly reduced Foundation levy - and they would this year without equalization, would have had a 6 mill drop in their school mill rate. Municipally however, they would have gone up some 3-1/2 mills so their net normal increase would have been a decrease of some 2-1/2 mills. Because of equalization their increase attributable to equalization is 2-1/2 mills but the two balance each other's out so that in the end, their taxation will be an increase of .046 after the government's provincial subsidy of 7.8 mills. So the actual bills going out to the residents of Old Kildonan will have a fractional increase, .046 mills increase over 1971; and that's largely attributable to the 3 factors, one is the decrease that they would have had anyway, balanced against the increase attributable to them and the provincial subsidy.

I don't know if I have to go much further, I would like to point out that Transcona for example had practically no change in its mill rate this year; but a tremendous effect of equalization and unification because the normal increase that you see under schools alone was an increase from 27.5 mills last year to 37.9 mills this year - an increase of over 10 mills in schools alone which when added to their municipal normal increase gives us a normal increase of 13.7 mills. Equalization, however, has brought about a reduction of 13.8 mills as a net result of which the actual taxation for Transcona is somewhat less than last year; but without unification it would have gone up over 13 mills and they are definitely beneficiaries of this program - not of the program of the unification of the Greater Winnipeg area.

I have been asked to indicate St. Vital and I find there that the normal increase in St. Vital would have been 5 mills and therefore its impact from equalization is just about minimal. Actually after payment of the provincial subsidy of .7 mills, the increase attributable to equalization for this year is .14 mills. The total impact of equalization is therefore .84 mills - is the total impact of equalization.

May I then just stop for a moment in my own area the City of Winnipeg where I live - I mean the former City of Winnipeg where I live, the Inner City Committee - and indicate there again, first indicating that there is an increase to the City of Winnipeg of 1.243 mills over last year, that's the increase. But the important thing to realize is that in the normal increase, would have been 5.28 mills instead of the actual 1.24 mills and therefore the City of Winnipeg, the old City of Winnipeg is the beneficiary of equalization to the extent of 4.04 mills, and that of course affects a very large number of people.

Nor, Mr. Chairman, I don't know whether you want me to review - whether the committee wants me to review in detail all these 7 schedules that are before us. The Schedule No. 1 is the - sort of the summary of the whole thing and shows the increase in taxation attributable to normal growth, normal increase and to equalization. And I can answer questions on that, but I think it's fairly straight forward showing in all the 17 jurisdictions that have different tax rates, how it was arrived at. However, Schedule 2A I think is of some interest, as is schedule 2B. Possibly we should just go to Schedule - well Schedule 2A shows the impact on a residential or a farm property of an assessment of \$5,000. And I repeat again, we are informed by pretty reliable sources that the market value is roughly 2-1/2 to 3 times the assessed value; and therefore when we talk about a \$5,000 assessment we are talking about a house whose market value is between 12-1/2 thousand and \$15,000. This shows in the final column the increase or decrease in taxation on that kind of a home in dollars and also shows the amount attributable to equalization and the amount attributable to natural growth.

However, if we move to Schedule 2B we find there an estimate of actual impact after deduction of this year's formula of half of the education cost or \$50 - whichever is the lesser - and we find that applied to a \$5,000 assessment and to a \$10,000 assessment, which means a home of say 25,000 to \$30,000, there we find - you'll notice there that the decrease - the net decrease is shown under the column increase or decrease on 5,000 assessment in every case except Interlake there will be an actual dollar decrease in taxation for that value home. The Interlake I should say is a very small area consisting of few homes, but is in the Interlake School Division - and therefore having so small an impact on the total was excluded in their case their increase will be \$4 for a \$5,000 assessed home.

All the others have reductions varying from St. James-Assiniboia at a minimal 36-1/2 cent reduction to the maximum in the Seine River, which is St. Norbert, of some \$120 in

(MR. CHERNIACK Cont'd) . . . . . reduction. On the \$10,000 assessment which is already a pretty good home, we have decreases and increases that show up - the increases are underlined, the decreases are in brackets - and I notice that the one item opposite Charleswood (Assiniboine South) \$32, 12 should have been underlined as being an increase, which means that in that area a home worth 25,000 and better will have an increase of \$32 in taxation in this year.

The calculation that was made later on - the next two columns - I think is of some interest. It's the sort of - what is the breakeven assessment below which taxation decreases and above which taxation increases in 1972 - and there we find a variation; I think the lowest would be the Interlake again and that's understandable, a \$4600 assessment; the highest is in the City of Winnipeg, a \$40,000 assessed home would be the breakeven as between increase and decrease. The other schedules are all schedules which are supportive and show the build-up into the final Schedule 1 which shows a breakdown and members will then understand how complicated it has been to work this out.

Schedule 3 shows the difference between the 3-year averaging and the 4-year averaging. And it was interesting to me to note that roughly half were better off with a four-year and half were better off with a three-year, and that's why we decided to take the better of the two as it applied to any municipality so that in either case the municipality would have had the benefit of either the 3 or the 4 year averaging.

The other schedules as I say are all related to calculation of what the impact would have been without equalization. I summarize or end by saying that no way could anyone have done this kind of calculation before the school boards and the city struck their budgets. Anything other than that would have been mere conjecture, mere guesswork, and I said a year ago and longer I was not interested in guesswork I was interested in presenting as many facts as I could to the people of Manitoba who are concerned with our proposal. I believe we are off to a good start. I believe the province intends to continue its commitment to work closely inter-departmentally, and work with the new city. And we rely to a very, very large extent on the work that the new councillors will be doing in order to create both efficiency and equity and to promote a program which will be in the best interests of all of the people of the new City of Winnipeg. I don't in any way have any lack of faith that they will do it. I trust they will; they are working hard at it and I trust they will continue to work hard in the interests of the residents and the people of the City of Winnipeg.

. . . . . continued on next page.

MR. CHAIRMAN: The Honourable Member for Charleswood.

MR. MOUG: Thank you, Mr. Chairman. I see once more we are back in the same old battle of taxes. I guess anything that happens now as a change in taxes is generally an increase. In the first instance where you refer to the impact of tax base equalization, I look at what they have listed here for Charleswood, and the figures show 27.5 mills increase and that is without - they don't show it by the figures that the government give. If you look in the actual 1971 mill rate under total, you'll find 55.78 - and I have the statement in my hand that went out with our taxes last year, and the people in Assiniboine North school district in the Municipality of Charleswood actually paid 43.96. Now this could be because the Metro levy of 11.32 mills there, the people in that area were given an 85 percent discount on the Metro levy; simply because they don't take the full advantage of buses they don't take any advantage of water distribution or sewer pick-up, very little in planning, and there's no way that they get a Metro street run through there. So I find those figures without subsidization or equalization on it, they're going to have a 65 percent increase - that's before you come to subsidizing.

Farther down in Assiniboine No. 3, South No. 3, there's an increase there of 18.3 mills - an increase of 18.3 mills in Charleswood under Assiniboine South No. 3, our mill rate was as you have listed 47.8 and we're going to 62.8. So it's 18.3 mills - and whether you mask it by equalizing it this year or not - I agree that it's a good thing to do I don't disagree with it by giving some equalization on it for the first three years, but the end result in 75 is that they're going to pay substantially higher by 35 percent than what they were paying last year. And if you go into some of the others which were given as examples - I think I was using Transcona; those people, they come out now - they had 64.33 last year - and whatever you've done for them, and their sharp increase in schools; I don't think any school board would be allowed to have an increase of 10.39 - they still come out with a few fractions of one mill less than what they paid last year. Those people are going to be hard to convince that they're paying less money by way of equalization. Even the people in the City of Winnipeg at 73.1 last year and 74.3 this year, you can't get the message across to them the schools increased it. It was the City Council that increased it, the government put them into that position and certainly they're going to give you a bad argument on it. So I say that although we are getting some subsidization on the impact from the Provincial Government I think that everybody in their own homes when they get their tax bill are going to feel it's an increase again regardless of how you look at it and regardless of which area in there because there's none of them got a substantial enough decrease to feel that they're getting any benefits out of it.

I would like to remind the Minister of the good guess I made on January 22 last year as the Mayor of Charleswood - whom I was called by the Free Press - I said I expected that there be an increase of 40 percent, 19 or 20 mills. Now I won't try and take credit for saying that I had the schools included in there but I did mean that this was going to be - the impact on the people was a general increase that we were in the habit of having, the schools always having increases. So it works out very close and I think that it's something that the people are going to be disappointed in, not so much this year with the 25 percent increase that they're going to - the raw increase they're going to have, but what they're going to be faced with in 75 is the real impact.

I think it goes back - what we're faced with now is wondering if the council and their executive assistants etc. has come up with a budget that is real. It was made in great haste, this budget was brought together - they were cutting daily, every time you picked up the paper they were cutting out street maintenance for a few thousand dollars; they were cutting out new construction for a few thousand dollars; they were cutting on snow clearing; they were cutting out everything they could cut on; and it was put together in such haste that I wonder if it's a deficit budget by say 5 mills, or 3 mills, or 2 mills. And if it's a deficit budget by 2 mills at the end of this year you're going to have to pick up that deficit in your 1973 operating; you're going to have to add it on because it was going to be on there anyway - and this 10 percent or five percent in today's economy it is safe to say that the budget will go up by five percent next year which will be another 3.5 mills. So we could end up with a mill rate within the City of Winnipeg, the new City of Winnipeg of 78 mills next year. I certainly hope we don't. I don't want to cry doom and gloom; the city is here now, the new City, and whether we were in favour of it going in or not we certainly got to put together and try and keep it working as it is.

I know one thing that the department was wrong on last year when we introduced this - I think there was about three or four areas that were anticipated to have an increase and about

(MR. MOUG cont'd) . . . . eight or nine without; and the figures turned out the other way we got nine with an increase and three or four that don't show an increase. The City of Winnipeg as we're putting it together now certainly has to attract people in here. And industry's got to come in; we've got to show benefits out of what we've done by preparing this new Unicity. And I think that if what happens again has happened by this government in the last two or three weeks with the grants you were giving them towards buses, the conditional grant where they had to purchase buses without public tender, I think you're going to find that there's a good many people draw themselves away from this type of city. You bring in the big dollars, the big tax dollars into the city; you can't get it off homes and farms. You certainly have to depend a lot on commercial and industry. And if we don't encourage them in - and I can't understand the new City Council, because I know they wouldn't have got my vote on that condition, because out of that half million dollars, seventy percent of that was raised in the City of Winnipeg anyway. So all they sold out for - and didn't vote by conscience - all they were selling out for was the matter of \$150,000, and I don't think that really and truly they made a wise choice. I think that the ones that voted in favour of by-passing the public tender system - I think will be sorry for it in the days to come. With those few remarks, Mr. Chairman, I'll question on the way through. Thank you.

MR. CHAIRMAN: The Honourable Member for Emerson.

MR. GIRARD: Mr. Chairman, I suppose it should not be mistaken when I speak on this particular issue that I represent Emerson constituency and I wish it clearly known that it is as their representative that I speak.

Mr. Chairman, I can't but suggest that I question very much the justice in asking the Province of Manitoba to subsidize the City of Winnipeg by an extent of about three and a half million dollars, I understand, over a period of years without looking very carefully at what the taxation now imposed on the other part of Manitoba actually is. I would suggest to the Minister that it is rather strange that a representative of Emerson constituency has to go back to Sprague for example - where they're probably paying in the area of 125-35 mills of taxation - and explain to them how the Province of Manitoba, and in part their taxes must be spent toward assisting Winnipeg in order to keep their mill rate somewhere in the area of 70 mills. I suggest to you, Mr. Speaker, that without providing the complete information, the Minister ought to reconsider this kind of proposal and find if not for others, find to convince himself that the proposals he has made is in fact absolutely equitable.

I think it has been said before and it will no doubt be said again that if Unicity had not been a rush program, that we might not be in this box at this time. If the consolidation of municipalities in Winnipeg had been an orderly program and a gradual one, I would suggest that maybe we wouldn't find ourselves in this kind of difficulty. And we speak, Mr. Chairman, very highly about the equalization of school taxes which is part of this program and that if you recall when the measure equalizing school taxes in Winnipeg was introduced by the then Minister of Education, I supported the bill and I was glad to see it. I was glad to see it because it did bring some measure of equality in the school taxes that were levied on Winnipeg. But if you read back the comments I made at that time, Mr. Chairman, you will find that it was with optimism that I was supporting that particular bill; because I hoped that this was one step toward equalizing education costs in the Province of Manitoba and that some day we might be able to tax all the Manitobans, in the same way in the same way exactly as we are now taxing the people of Winnipeg. But that is long in coming, Mr. Chairman. What we have done instead as a compensation to the people of Manitoba is explain to them that they ought not to worry about increasing education costs because we're going to give them a 50-dollar rebate and when I have asked on many different occasions from both the Premier and the present Minister of Education who is being paid that 50-dollar rebate, I am unable to get an answer. I am unable to get an answer, Mr. Chairman, because I speculate that the proportion is not one that the government wants to relish. The fact is that if we really analyze that closely, once sold to the people of rural Manitoba especially as a great tax relief to their overburdened tax structure now; if we really study that carefully, we might well find that we're really not compensating the ones who are taxed most heavily at the moment. We might well be compensating the wrong group. I would beg again from the Premier and from the Minister of Education to give us that kind of information - I think it's information that Manitobans rightfully should have.

I would suggest, Mr. Chairman, that if the Minister of Finance should look at the mill rates that are now being expected to be paid by not only the area I've mentioned - I suggest you

(MR. GIRARD cont'd) . . . . look at the area of Rhineland and find out what their mill rates are, because what in fact you are doing now is asking those people to subsidize another group whose mill rate is now lower than their own. I would suggest in the name of equality, that we have another look at that particular aspect, Mr. Chairman; if my impressions are correct, and I certainly don't intend to be divisive, I suggest those people across are in fact being divisive if not being blind.

Another matter which comes to mind with regard to the same suggestion, Mr. Speaker, is the suggestions we often hear from across and even from the past administration that our objective is to decentralize industry in Manitoba; we want to encourage industry to locate itself outside of Winnipeg. There has been talk about such a thing as a green belt limiting the expansion of the City of Winnipeg. We talk in glowing terms about how much we would like the decentralization of industry in Manitoba but by the same token, Mr. Chairman, we're choking any possibility of rural expansion industrially by our tax structure, and you should know that. How in the world can the members from across expect an industry to locate in my constituency when the present tax structure calls them to pay 125, 140 and maybe more mills with a projected increase in that particular mill rate of probably 10 mills per year - and then we ask them would you please subsidize Winnipeg because they're up to 70 mills you know. Mr. Chairman, I would suggest that this is the time to stop, have a look at this matter and in the name of equality of taxation if it means - if it means a change in your plans, I'm sorry about that, but I can only suggest to you that we're going in the wrong direction.

We talk about decentralization and I suggest to you, Mr. Speaker, that very close to Winnipeg in an area that's quite familiar to me, we're asking the businessmen of that community to pay well over 100 mills. We're trying to induce people to start up operation outside of Winnipeg because we want to have our people employed and our theory is decentralization; but we choke every opportunity that the rural communities have of developing industrially, possibly with only a very few exceptions.

The last point I want to make, Mr. Chairman, and I feel again very strongly about this - I notice that the changes in the General Foundation Levy that have been made in the past session; and I notice that the rebate of \$50.00 such as been passed this session or the last session; and I notice also that the rebate of \$140 as projected are all concessions being made to everyone except the people who are in business. Now I can agree in part with the taxation of large corporations, and I am quite sympathetic to some of the suggestions being made by the Member from Crescentwood in this regard; but I am suggesting to you, Mr. Chairman, that unless, unless there is a day when you will recognize that those small businesses are not able to keep up to the increasing costs in taxation - that some day you will have to recognize that there is no way that the grocery store, that the restaurant, and that the other enterprises in the Town of Dominion City or Emerson or elsewhere can keep paying the taxes put upon them without some kind of concession as well. --(Interjection)--

Yes, Mr. Chairman, I can hear it from across. The Member from Osborne suggests, well let them go on welfare. --(Interjection)--

MR. CHAIRMAN: The Honourable Member from Osborne.

MR. IAN TURNBULL (Osborne): The Member for Emerson as usual knows not of what he speaks; I made no such comment - and if he would like me to say what I did say, I'd be quite happy to do so. But on a point of privilege I'd just tell him that I made no comment about members from rural areas going on welfare. I think it's indicative that he would attempt to attribute those remarks to me, even though I didn't make them.

MR. GIRARD: Well, Mr. Chairman, if the Member for Osborne did not say this, I'll withdraw that suggestion. I know it came from the other side but it sounded so typical. It sounded so typical, Mr. Chairman, that . . .

MR. TURNBULL: . . . he either withdraws it categorically and without condition or, Sir, I would ask you to ask him to withdraw it.

MR. GIRARD: Mr. Chairman, may I ask you to rule on my withdrawal. My withdrawal was a complete one in my view. I suggest the statement was quite typical, quite typical, not necessarily of the Member from Osborne, I haven't suggested that, but quite typical of the noises we have heard from across . . .

MR. CHAIRMAN: The Honourable Member for Osborne on a point of order.

MR. TURNBULL: Personal privilege, Sir.

MR. CHAIRMAN: Point of privilege?

MR. TURNBULL: I made no such allegation. I made no such statement. The Member for Emerson I gather is making a poor speech. He wants to have a cause célèbre and so he is attributing to me words that I did not make. Now he has twice said that such remarks are typical of me, and I point out to you, Sir, that if he continues in that vein, that you should ask him to withdraw not only the original allegation, but also his reference to me as being a man who would make such typical remarks, because I haven't said them now, and I have never said them, and I think he should withdraw it.

MR. CHAIRMAN: The Honourable Member for Emerson.

MR. GIRARD: Mr. Chairman, my honourable friend protests just like Ophelia. I can't really blame him but he should have been listening and he would have heard the withdrawal that I made. Now may I just conclude by suggesting that as a representative, as a representative from the Emerson Constituency, I might ...

MR. CHAIRMAN: Order. The Honourable Member for Emerson.

MR. GIRARD: As a member from the Emerson constituency, Mr. Chairman, I don't mind saying these things in a jolly, or jovial, or considerate kind of way but please don't mistake this for one who is really concerned about the injustices as I see them in our present tax structure.

MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman. Earlier today, Mr. Chairman, the Minister of Finance held up a little ribbon - it would have been better across his shoulders while he was wearing a set of diapers because that's how childish it was, and this is basically coming down to childish and Mickey Mouse arithmetic as far as civic affairs are concerned in Manitoba.

He mentioned the City of St. James-Assiniboia, and he also ... that they would have a .8046 mill increase in 1972 had they remained the same. I can remember, Mr. Chairman, the times when we had a Metro increase, and a school increase, that would be close to probably 12 or 13 mills alone and when we finally finished our budget, we would only probably have a three or four mill increase in St. James-Assiniboia.

You are forgetting the management of local communities or local cities, which has gone on for years in this area. The increase in the St. James-Assiniboia mill rate from 1968 through to 71, went from in 1968, 41.86; in 1969, 49.89; in 1970, 53.31; 1971, 55.60, and I might say the large mill increase was attributable to unification of Assiniboia and St. James.

So really what we are basically proving all the time is that amalgamation is costly, and St. James-Assiniboia proved that several years ago and probably should have put in the minds of this government that it's costly, and should be gone into very slowly.

I frankly could probably be accused of trying to split the province, and trying to do all of these things, when anybody gets up and --(Interjection)-- amalgamation in 1969, our mill rate was 49.89; in 1968 it was 41.86; in 1970 it was 53.31; and in 1971 it was 55.60. In 1972 the projected mill rate is 71.427, and if anybody thinks that the St. James-Assiniboia mill rate would have gone up eight mills this year, they would have been badly mistaken and I can't prove that now because you have amalgamated the city and we won't have the chance, but I assure you with the management we had of that city, it would never have gone up eight mills. To get back to what I was saying before, the Premier can get up at many times and he can say, the costs of the city went up \$7-1/2 million over-all, that it went up nine million a couple of years ago over-all, that's the addition of every city in the Winnipeg area, and you add them all, the increases together, and you come up with nine million, and this year it comes up with 7-1/2 million, and I say that's a ridiculous statement to make. It may be fact this year and it may have been fact last year, but the fact next year is because you have cut down your services to the people to the point that it is really the bare necessities this year. Your increase for the whole city could be nine or ten million dollars next year. You can only project in this thing - and that's what it is - you can only project your school mill increase. It will be fact next year. But nobody can project for next year, and the Minister has said he won't try, but it will be very disappointing to the people of Winnipeg when the mill rate is very high, or the costs of running the city are very high, and the government is saying, well this is not because of amalgamation. No it isn't because of amalgamation; it's because you wanted new streets and roads, but it's because you are going to get new streets and roads that have been cut off this year, necessary next year, and the reason they were cut off this year is because of amalgamation, and it's very simple arithmetic in municipal finance.

When you look at snow clearing, you don't look at snow clearing on a one year basis, you

(MR. F. JOHNSTON cont'd) . . . . take an average of three years unless you have control of the man upstairs, which this government thinks they have, and I assure you, and I assure you that they haven't, and they will not in any way, shape, or form, be able to convince the people of this area next year that the increase is because of services, and they'll call those - those services weren't because of amalgamation, but the increase is because of services that were cut off this year, and have to be put in next year because of amalgamation. When Charleswood wants the paved roads of St. James-Assiniboia - and this will happen - and I also say to you, Mr. Chairman, that when the Minister gets up and he talks about being in West Kildonan and says that we should maybe, it's not of arbitrarily giving the policemen in West Kildonan the same price, the same salary, as Winnipeg, he talks against the theory of the NDP government, and I can remember him saying on occasion: why shouldn't everybody receive the same salary? So now that it's going against them, now that it's going against them, they really have another story to tell, and it's not a very pleasant story. And at the risk of being called somebody who would split the province, and I say this not only as the Member for Sturgeon Creek who is an urban member, I say this as probably being a critic on municipal affairs from this side, the Minister of Municipal Affairs ought to be ashamed of himself to have this happen because it was absolutely unnecessary. It was unnecessary, Mr. Chairman, for this reason. Let's go back to the Boundaries Commission Report. Let's take the suggestion that they made which was a report of nine cities. Let's say that we had made it five cities, or three. Let's say that we had seriously looked at the situation of amalgamating this city in a gradual scale - and I'm not so narrow minded to think that we couldn't have come to one city - but the Boundaries Commission report basically said, the outlying areas should be amalgamated in some cases, nine would be the most economical; and it also said if the outlying areas were to take more of the load off the City of Winnipeg, such as the arena, such as the stadium, such as the Art Centre, all of these things, were partly taken off the City of Winnipeg's shoulders, the City of Winnipeg would have had a real benefit, more benefit than we see in these reports. The outlying areas would have gone up but you wouldn't have seen the mill rate increase that you have seen at the present time.

Mr. Chairman, the Minister keeps moving into corners and then running upstairs to his financial experts and say, please make me a formula to get me out of it. At the present time we are sitting with rebate systems until they are coming out our ears, and you know this side of the House, and to coin a phrase as the First Minister always uses, we did it. Somebody did it before him. The First Minister doesn't really need to be a First Minister, he has a group of people in his department that are capable of writing Ontario and saying what did you do? And he looks up history to see what somebody else does all the time. But that's really what happens, and so on this occasion I feel quite free to say that we tried the rebate system in the Government of Manitoba previously, and what happened? It ended up that there was no rebate and the taxes were still the same. And the same thing is going to apply with this government on the rebate system. It's a hoax. It can't be any other way. When you start talking shifting of taxes in the urban area, you can shift them all you like but when your bill has gone up, you know, you have spent more money, you've got a shift in the taxes, and if you've spent more money, you've got to find it. And that is really what has happened with this particular schmozzle. We now have a rebate system of \$50.00. We now have the system that's . . . up to \$140.00 and we now have a rebate system on your taxes for 1972 because of amalgamation, which should never have taken place in the first place. We now have the people in Manitoba into a financial hodge-podge, and that's exactly what it is because the Minister keeps getting himself in a corner and saying, let's try and find our way out of it with a pencil. There's no way out of it that way.

Mr. Chairman, the city, and I haven't had time to go over all these reports, but I can tell you this that the management of this city that we had before was good. There was nothing wrong with Metro if there had been some drastic changes to the Metro Act; there was nothing wrong to looking to maybe five or six cities and working down gradually. You know, Mr. Chairman, I'm a person that once said I could never, I could never have agreed to see Metro taking care of Urban Renewal in the Greater Winnipeg area. I say today they should have been - I can be wrong. But you fellows are never wrong but I'm telling you right now, you have now just gradually started to work your way into a corner. Your digging your ditch deeper and deeper and by the grace of God you say, get me a pen and pencil and put down some figures in black and white and we'll give a rebate. Do you really, really, in three years from now think

(MR. F. JOHNSTON cont'd) . . . . the taxes are going to be any better or not higher? Do you honestly believe that this subsidy is going to take care of it? It's like saying to a man you can work for three years and then starve to death. You've now got it in a mess; it won't get better, and to say that everyone of these municipalities would have gone up this much, is sheer nonsense, because I have seen municipalities take an increase before they settled their budget and work it down out of good management into lesser, and this is the situation we should be in. We should be in maybe four or five cities today after the Boundaries Report, and that's fact. That's fact that says you wouldn't be looking for three and one half million dollars to be putting in the kitty to help all of the people of Winnipeg, and the people of Winnipeg really haven't benefitted, it's the people in the suburbs who have benefitted, and those are the ones - you wanted to benefit Winnipeg, but you have only benefitted the suburbs with your rebate. So let's fact it. It has to change and your formula is nothing but a hodge-podge of rebates matched up with the rest of them in this province.

MR. CHAIRMAN: Resolution 115 (a) -- The Honourable Attorney-General.

MR. MACKLING: I'm just wondering, Mr. Chairman, - I didn't intend to take up other members' time - but I am wondering if the Honourable Member from Sturgeon Creek would mind submitting to a number of questions.

MR. F. JOHNSTON: Mr. Chairman, my answer to the Attorney-General is this: if he's going to stand here and quiz me about St. James-Assiniboia, I would ask him to do it in the hall some time, and we'll talk it over.

MR. MACKLING: The answer apparently, Mr. Speaker, is the member who can make another speech in answer to my question, is declining to do so.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I would like to deal with some of the comments made. Before doing so, may I point out that the item on the grants of \$1-1/2 million now turns out to be a requirement of some one and three quarter million dollars, which means that we will have to have an increase of one quarter of a million dollars, and that would have to come in by way of supplementary supply, or by an amendment to the supply bill itself, or it could be by special warrant later on, but I just want to draw members' attention to the fact that the Estimates show one and one half million, our calculation now shows one and three quarter million. We'll have to adjust to that.

The Member for Charleswood spoke and pointed out what is a problem always, and that is he said, how are you going to sell it to the people? Now I can only present the information and hope that they will understand it, and he says in the end they won't, and he pointed to Transcona and said, well in Transcona you try and tell them that they would normally have grown 13.7 mills and that they got a benefit of 13.8 mills and therefore they end up with roughly the same tax, try and sell them. Well, Mr. Chairman, I am limited by what I'm able to say and what is reported by the news media and by honourable members of this House. And certainly Transcona can be misled into thinking there is no change at all attributable to equalization and I would have to say -- I think we have the figures to support the fact -- that Transcona are tremendous beneficiaries; as are residents of East Kildonan, as are residents of the former City of Winnipeg; as are residents of the Seine River Division in Fort Garry; as are residents of the St. Boniface School Division in St. Boniface which is a pretty substantial -- actually the larger part of St. Boniface, the residential area, about two to one, is in the St. Boniface School Division as compared to the Norwood School Division. So there are a large number of people, and I've guessed only at 60 percent, who are really beneficiaries of equalization and what we were concerned about was the other 40 percent. I hope our message gets across. I can only do my best by presenting as I've done all these schedules to support it.

One small item that the Member for Charleswood mentioned is certainly not a small item for those people affected, and that is the people in the agricultural areas which were exempted of a substantial part of the Metro levy under The Metro Act. And he's quite right. And when I was aware of that problem -- I became aware of it only through a newspaper report -- I inquired from my department, from the solicitor advising, and was informed that -- later substantiated -- that in the Municipal Act itself there is a provision whereby the City could make a similar kind of adjustment -- as Metro did. Now the City to my knowledge has not done it or has not done it yet. I can't say which. I don't know whether they're considering it or not; all I could do and did do was point out to them that they could do it just the way Metro had done it before and frankly I would hope that they would give it serious consideration. At the same time I'm

(MR. CHERNIACK cont'd) . . . . talking about the area, that part of the area, I again posed the question - especially to the Members for Charleswood and Sturgeon Creek and the Member for Assiniboia - whether the boundaries, the old boundaries who were taken into the new City of Winnipeg are realistic boundaries or whether they ought to be varied. And I'm thinking specifically of the area of the present City of Winnipeg west of the perimeter. Frankly, and I've said it often and openly, I don't believe that they ought to be part of the City of Winnipeg. I'm encouraging some kind of reaction, some kind of comment on that because I think it's a matter of serious import to people who live outside of the perimeter who don't have any of the benefits of the City of Winnipeg as such and who will become part of the mill rate structure merely because the former City of St. James-Assiniboia and the former Charleswood did include them in their boundaries.

Now the Honourable Member for Charleswood mentioned - what will happen in 1975? I don't know what will happen in 1973. He could have asked me what would have happened in 1975 in the normal course in Charleswood without unification; I wouldn't know what would have happened in 73. But I know this much about Charleswood. It's a growing community and those roads that the Member for Sturgeon Creek spoke about - those pavements would have gone in and will go in and I haven't the slightest doubt in the world that the people will demand it, and I haven't the slightest doubt in the world that they'll get it. And I for one certainly have no objection to doing it. I remember one person who appeared at a meeting in Charleswood and said: I love the open ditches in front of my house, I want the open ditches in front of my house. Mr. Chairman, I didn't believe him then, I wouldn't believe him now - because I don't believe he wants them I believe that he will demand them, I would guess he would get them. So what the mill rate would have been I don't know; but there's every reason to think it would have gone up, there's no reason to think it would have gone down - and that is one of the benefits that Charleswood will have from unification, where it being an underdeveloped municipality will have the full strength of the whole city to help the development of that area at the expense of the whole city; and I think that's right and obviously the government thinks so or else it wouldn't have brought in the bill.

St. James-Assiniboia I understand was faced with a problem and is faced with a problem of a storm sewer through the Brooklands area. How they were going to handle it I don't know. If they were going to pay for it - as indeed they would have to needing it - that would have really affected the St. James-Assiniboia mill rate. Now that cost -- it hasn't gone in yet I suppose -- but when it does go in it will be borne by the citizens of East Kildonan who are beneficiaries of the equalization program - and there's nothing wrong with that because it's one city, it has always been one city, one as we call it socio-economic unit, and indeed being that the growth and development of any part of the city is important to all of the city.

The Member for Charleswood also suggested that there was hasty budgetting and therefore the possibility of deficit budgetting. I don't know, I wasn't there. If the budgetting was hasty the chances are that they didn't apply the sharp pencil that the Member for Sturgeon Creek would suggest had been applied. Chances are just as good that there's an overestimate as there may be an underestimate. I give the City Council credit, they put a freeze on expansion of staff until they get the staff sorted out and shuffled down. I think they are trying to hold the line; I think they should. I commend them for it. But I don't believe, I really don't believe that they are knowingly doing anything to create a deficit in the city. The few items I had occasion to discuss with them indicated to me that they were being pretty careful in not underestimating the cost; and indeed realizing as they did that any increased cost was going to be shared with the province they had a sort of incentive to have greater costs, but I'm not suggesting for a moment that they did that.

The Honourable Member for Charleswood also referred to the statement in our policy paper that according to 1972 actual calculations there would have been eight municipalities with a reduction in 1970 and four with an increase, and how that has been changed. And I can tell him quite simply it's been changed by a number of factors, one of which was 1971 budgetting - 1971 budgetting and mill rates established by the various municipalities at the time when they were still responsible for their own budget, and at a time when I had an opportunity to review the budgets. The various municipalities used different forms of tackling the budget and some of them did things that were perfectly proper, perfectly legal but sort of not in accord with their own policy; where they dug into reserves in order to reduce mill rates. Now there's nothing wrong with that. Well the Member for Charleswood said it didn't happen in Charleswood; I'm not saying it did. But I'm saying it did happen, and it did happen in various municipalities.

(MR. CHERNIACK cont'd) . . . . Other municipalities used accumulated reserves in order to get recreation areas or other desired developments going in that year because they were afraid it wouldn't happen - and that certainly is something that the City of Winnipeg today knows about. And they now know that certain municipalities having used up certain reserves in order to improve the services in their own municipalities now have to stand in line and may be in line behind Charleswood. Now I'm not -- I'm just saying maybe. Because it's up to the municipalities -- up to the City of Winnipeg to assess the needs of all of Greater Winnipeg and I make the forecast - and certainly I have no influence on the City of Winnipeg - but I make the forecast that Charleswood would be one of the beneficiaries of the creation of the larger City. Another factor of course that's involved is school costs. And there are so many factors that I can't really develop all of them - but mainly it's the knowledge that we have now of what happened in 71 that affected our statement of what would have happened in 1970.

Now up to that portion of the Member for Charleswood's presentation I felt he was both reasonable, he was both consistent and understandable. It's when he started talking about the Flyer Coach and about the province's decision to participate in the cost of purchases from Flyer Coach that sort of amazed me when he then went on to say people will draw away, people will not invest in Manitoba. If anything that we did in this connection was motivated by the desire to see Manitoba industry and Manitoba employment it was this very factor. And let me tell Honourable Member for Charleswood or anybody else that in 1971 Metro came to the province and said we have buses, many buses purchased from what was then known as Western Flyer; we approve of the quality of the buses; we want to make sure that we have competition; we want to make sure that there is a viable industry producing buses in Manitoba; we want to make sure that Manitoba continues its employment and its growth of industry in Manitoba; we want to insure a continuing process of purchasing so that our supplier is able to repair and maintain the buses we've already purchased; we want them to stay in business; we want to have a program - will you please join with us? And at that time we were at a stage where we were interested in public transportation. The province had never developed a policy on public transportation and we thought this was a step in the right direction to involve the province in public transportation, and to therefore accede to Metro's request on a basis which Metro certified as being the proper price for the proper quality of goods. The Member for Charleswood wants to ask a question, Mr. Chairman.

MR. CHAIRMAN: The Member for Charleswood.

MR. MOUG: Mr. Chairman, I wonder if the Minister of Finance would agree that Motor Coach Industries might need a guarantee somewhat the same as this.

MR. CHERNIACK: I'm very sorry, I didn't hear the first part.

MR. MOUG: Would the Minister agree that Motor Coach Industries might appreciate a guarantee of this type?

MR. CHERNIACK: Well, Mr. Chairman, I don't know Motor Coach Industries; I don't know whether or not they are producing the kinds of buses that are being purchased; I just don't know - and maybe they would appreciate it - I was never confronted with the problem. The problem that I was confronted with -- no, I as a Member of Cabinet was confronted with - was the request by Metro that we agree to the purchase of buses from Flyer Industries. Now I wouldn't for a moment suggest that the fact that the people of Manitoba have a substantial investment in Flyer Industries isn't a matter of interest too. And I would think that honourable members would want to make sure that anything that's being done is being done consistent with growth on behalf of the people of Manitoba, so I don't back away from that either. In this year we were informed by the City of Winnipeg officials that they wanted -- they were anxious to get their contract going with Flyer Industries for further purchases, would we go along? Because they were afraid that it might interrupt the employment program of Flyer Industries. We said yes, we would go along. And we said is the price right? We were told yes, the price is right. And we said, is the quality there? We were told the quality is there. Is it a good deal? We were told yes, it's a good deal. We didn't say that. We didn't ask Flyer Industries their opinion as to that; we asked the users of the goods, that's the City of Winnipeg - we were told that so we went along with their request. I don't for a moment apologize for it, I think it was a worthwhile effort on their part.

Now the Member for Emerson depicted a completely parochial divisive attitude. He resented the fact that the people from outside of the City of Winnipeg are making a contribution to this 3-1/2 million dollars that's being proposed. I'm not sure, I'm really not sure whether

(MR. CHERNIACK cont'd) . . . . he listened to the Member for Charleswood, I should tell him in case he doesn't know it that he sits on the same side of the House with him and in the same caucus. And the Member for Charleswood referred to the fact that the City of Winnipeg is contributing - what did he say? He said the figure - I think, 70 percent of the income to the province is being contributed from the City of Winnipeg. Now I didn't hear the Member for Charleswood complain -- now maybe he did but I don't believe he did -- I didn't hear him complain when, was it last year a bill was presented to this House to grant \$4 million in acreage payments to farmers? I don't think there was a member, a sitting member from the City of Winnipeg that objected to that payment . . .

A MEMBER: On either side.

MR. CHERNIACK: . . . on either side of the House, yes, that objected to that payment. I didn't hear a person from the City of Winnipeg or from any urban area complain about that and say this is something that the City of Winnipeg people, urban people are paying to farmers; nor did I hear the Member for Emerson say: Hold - 70 percent of that \$4 million comes from the City of Winnipeg. We who represent rural areas really don't think that the City of Winnipeg should have to pay that. Nor did I hear the Member for Emerson say, the highway which I want built somewhere or other, the Member for --(Interjection)-- Highway 201, is our responsibility not that of the City of Winnipeg people, I didn't hear him say that. Nor have I heard him say in discussing the highway program the fact that the City of Winnipeg is bush building its own streets without any contribution from the Member for Emerson, unless he happens to be a resident of the City of Winnipeg. I don't know where he lives - but certainly I didn't hear him say on behalf of his people, we feel that we should not rest or lean on people from outside of our area. If ever there was a divisive suggestion; if ever there was one that contradicted the Member for Charleswood, I heard it from the Member for Emerson - but I've learned to expect to hear it from him as indeed I did. He wants us to convince ourselves that the proposal is equitable. Well you know frankly, Mr. Chairman, I don't care what he thinks, but I would think that the majority of members on his side think it's equitable. They may think it's not enough, you know, they may well think that our contribution is inadequate; but by golly I don't think that they feel that there should not be that contribution. But I think the Member for Emerson thinks that there should not be that contribution and I'll be interested in hearing others say it.

Now the Member for Sturgeon Creek certainly criticized the creation of Unicity and said: You have created costs - and it's wrong, he said. All right, it's done. The fact it's here, is before us. Now do you think that he sitting right beside the Member for Emerson would say we shouldn't be making this over-all three and a half million dollar contribution? He'll be saying we should give more --(Interjection)-- Approximately three and a half million. I have a right to put into somebody's mouth an extrication of what he would say any time I like. It's a question -- if I were quoting the honourable member then he would have a right to object. But I'm just forecasting and maybe -- I invite him to get up and say that we should not -- we should not be giving a subsidy to the ratepayers in St. James-Assiniboia, having once done what we did and that is to create the City. I invite him to give comment as to whether or not I am right about what he would say about that.

Now the honourable member talks about equalization of school costs across the province. I don't know whether he really believes that the province should take over the whole cost of education - maybe that's the right way to do it. I don't know whether he thinks the province should take over the whole responsibility for education in the province - maybe it ought to be done. But right now there is equalization within the school divisions and through the Foundation Program there is equalization as well. If he says the Foundation Program should be increased, what government has increased it more rapidly than we have undertaken to do from 70 to 75 from 75 to 80? And if that's not satisfactory to the honourable member well I'm sorry. I find that he was talking about 125 mill increase - where did he get that figure, Mr. Chairman, do you know? Does he know? One hundred twenty-five mills in Sprague? Well I'm informed, and I may be wrong - in 1972 the mill rate special levy - no Foundation levy 8.4; special levy 64.2; municipal levy 22.7; total 95.3 mills. --(Interjection)-- Ah now, now we get - good, I'm glad he said it, because now we get to another thing.

The Member for Emerson was weeping copious tears about the people of Sprague - and you know, I didn't understand him. I wonder if other members of this committee really believed that he was talking about business at 125 mills. I believed he was talking about the residents - I believed that when he was talking about 125 mills, he was talking about the people of Sprague-

(MR. CHERNIACK cont'd) . . . . that's really what I believed, Mr. Chairman, I don't know whether I'm so dull in my mind that I didn't quite understand he was talking about business; it's the business interests that he was concerned about at 125 mills. It was the businessman that he was involved in when he talked about 125 - no doubt he did not want to mislead us, or me - he didn't want us to think that he was talking about 125 mills in residences. If I didn't take the trouble to find out then I would have gone home today believing that the residents, the old age pensioners, the farmers in Sprague were paying 125 mills. I really would have believed that, Mr. Chairman, - and I'm happy now that the Honourable Member for Emerson has indicated he was talking about business. He was talking about -- I suppose a big taxpayer there is Columbia Forest Products --(Interjection)-- Maybe that's it - they don't even pay the interest, they don't even pay their taxes so --(Interjection)-- that I don't know to what extent we should worry about it, but all right, we cleared up that point. The honourable member really meant - he really meant business, that was his concern.

So that's why when he says I don't know who's being paid the 50-dollar rebate, maybe it's the - compensating the wrong group. Maybe when he's talking about the wrong group it's business he wants compensated in our program, because it's true our program is directed to residents, and to home properties. It's true that -- and he's saying that he doesn't know who's being paid the 50-dollar rebate and he says, and I'm quoting again: "We are compensating the wrong group". He wants business to get that - at whose expense? --(Interjection)--

I wrote it down - he doesn't know who's being paid the 50-dollar rebate. And I said: "Oh come on" - he said he doesn't know - well let me tell him - the rebate is being paid to the individual taxpayer. --(Interjection)-- Oh he does know - he does know who's being paid the 50-dollar rebate so what I wrote down is something he didn't say or I wrote down what he did say, but it wasn't true. It's one or the other - and we are compensating the wrong group he says. How can we expect to have industry to settle outside of the City of Winnipeg if ever and again I say this, and I know we can have a debate about it - I think this province has taken some pretty important steps --(Interjection)-- I'm not now for sale to the Honourable Member for Emerson, and let me tell him that I am only interpreting what I read and what I hear. The honourable member - oh boy - Mr. Chairman, there is no change in policy in this government in regard to development outside of the City of Winnipeg except beneficial to the areas outside of the City of Winnipeg. We are working towards regional districts; we are working to expansion in regional areas; we are hoping - and we have said it openly - we would not like to see the City of Winnipeg grow at the rate that it's projected to grow by all the urban planners that have ever considered it. We want to see growth outside, and when we make these concessions on school tax reduction we clearly make it for the benefit of residents, not businessmen. Residents are not able to charge it as a business expense, taxes; residents are not able to charge real property taxes off their income tax; residents pay it off out of their net take home pay, and that's what we're concerned about. If the honourable member disagrees with us, maybe that's why we sit on opposite sides of the House. We are concerned with people to that extent on real property tax.

The Member for Sturgeon Creek made comments. I want to - I don't have time to deal with it - I do point out that he said that the amalgamation of St. James-Assiniboia took place in 1969. Well if you look at the schedules that we have before us you will see that the net average increase in municipal mill rate of St. James-Assiniboia in the four-year period between 67 and 71 was a net increase of 1,883 mills. In the three-year period it was 2,813, and maybe that difference of a mill is because of the amalgamation. But we are giving the benefit of the four-year by calculating 1,883 mills as being the normal increase. The schools we know about. The amount for schools is 6,163; and if that member wants to attack that school division and say they are adding costs and they didn't cut them, let him do it in his own constituency and in the constituency of the school division. Don't let him do it here. Don't let him do it here. The increase of eight - natural normal increase of eight mills - is attributable six mills plus; to schools 1,8 only for municipal which is much less than appears in other areas. And therefore I can tell the honourable member that I reject his thought that we have in any way dealt unfairly with it.

Now only one other thing - and then I better stop because I'm running out of time. He talked about my statement about the police increases in West Kildonan, and he now poses as an expert on the theory of the New Democratic Government on that kind of a thing. Well let me tell him that he has a lot to learn. Let me tell him that what I said is that I felt that for

(MR. CHERNIACK cont'd) . . . . equal jobs, equal qualifications, equal service, there should be equal pay - and I believe that. But I am saying that there are various municipalities - and I don't know if West Kildonan is one or not - but I'm saying there are varying municipalities with different qualifications, with different job requirements and with different kinds of responsibilities that do not automatically entitle the people to equal pay. And if that's not consistent with NDP philosophy then by all means let the Honourable Member for Sturgeon Creek teach me a little bit more about NDP philosophy. As he does it he may learn more, and that would be to his benefit.

MR. CHAIRMAN: The Honourable Member for Emerson.

MR. GIRARD: Mr. Chairman, might I first of all commend the Minister on his ability to make . . .

MR. CHAIRMAN: Order, please.

MR. GIRARD: . . . his sense out of my suggestions. But he tells me that he is concerned about the projected growth of Winnipeg. And I want to tell him that because of, largely because of the tax structure, there are people in my area who are in possession of a farm - who have been in possession and are in possession of a farm - who have packed up, moved to the City, left the things there unsold if saleable. Why? Because they can't afford to stay on it. Why? Partly because of taxation. Then he tells me, he tells me he couldn't have slept had he thought that I suggested -- which I did not -- that the residents of Sprague were going to be paying 125 mills and I did not suggest that. But he feels much better because after all the residents of Sprague will only pay 95 according to his figures; and now he's able to sleep because after all they're only paying 95 - why should we not ask them to subsidize in part at least the mill rate that is likely to rise above 70 in Winnipeg. Now that kind of logic escapes me, Mr. Chairman, but I feel better to know that the Minister will sleep because the inequity is a minor one. And he might even suggest - you know those people out there haven't a great deal of property anyway, and so their taxes are low because even if they pay 95 mills they're paying on almost nothing. The shacks they live in, the possessions they have are not maybe going to give them the kind of tax burden that they should pay. And I suggest to you, Mr. Chairman, that's all the more reason, all the more why those very people who have no facilities comparatively, the very same people should have a lower not a higher, a lower mill rate levied on them. And I can't understand the Minister's logic when he says he feels much more comfortable now that he knows that those people are only called upon to pay 95 mills. You gave me the figures that add up to 94.6 mills, Sir.

Then he spoke about the Member from Emerson and how divisive -- he didn't call me racist but he certainly called me divisive . . .

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, on a matter of privilege - I don't know why the member brought in the word "racist" but he could only have brought it in in order to attempt to relate the two. And therefore I request that he withdraw that word entirely.

MR. JORGENSEN: What nonsense. What nonsense. The remark in the context, in the context that was made by the Member for Emerson requires no withdrawal whatsoever. The remark that was made by the Member for Emerson was simply that the Minister didn't call him racist. Now does he want him to withdraw the remark and say that he did call him racist? How foolish can he get?

MR. CHAIRMAN: The Honourable . . .

MR. CHERNIACK: This is very interesting. The honourable member could have said that I am also not an MLA for Morris and if he said that I would, you know, give him credit. But the fact is that he suggested that in using the word "divisive" I could have used the word "racist". Now if the Honourable Member for Morris feels he was justified in coupling the two I'm willing to let it stand on the record and I withdraw my request that he withdraw the word. If those two belong together and the Honourable Member for Morris supports that then I'll leave it on the record for them.

MR. CHAIRMAN: The Honourable Member for Emerson.

MR. GIRARD: The attempt of the Minister in his suggestion was to somehow make my comments appear even more divisive than I could have possibly made them. He thought that by making this kind of suggestion we will quell the noises that seem to be coming from . . . --(Interjections)--

MR. CHAIRMAN: Order, please. I'll determine when it's 5:30.

MR. GIRARD: He thought that if he could subdue him somehow . . .

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