



Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXI No. 149 10:00 a.m., Friday, May 31st, 1974.

First Session, 30th Legislature.

LEGISLATIVE ASSEMBLY OF MANITOBA
10:00 o'clock, Friday, May 31, 1974

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 26 students of Grade 6 standing of the Bannatyne Elementary School. These students are under the direction of Mrs. Martin. This school is located in the Constituency of the Honourable Member for Sturgeon Creek.

And we have 85 students of Grade 4 standing of the Donwood School. These students are under the direction of Mrs. Slocomb, Mrs. McKenzie and Miss Neufeld. This school is located in the constituency of the Honourable Member for Rossmere, the First Minister.

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

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

REPORT OF STANDING COMMITTEE

MR. D. JAMES WALDING (St. Vital): Mr. Speaker, I beg to present the fourth report of the Standing Committee of Law Amendments.

MR. CLERK: Your Committee met on May 30, 1974, and heard representations with respect to the Bills referred as follows:

Bill No. 72 - An Act to amend the Clean Environment Act.

Mr. David Weiss,
Professor Cass Booy.

Bill No. 55 - The Centennial Projects Tax Status Act.

Mr. Frank Meighen, Q. C.

Your Committee has considered Bills:

Bill No. 7 - An Act to amend The Civil Service Act.

Bill No. 55 - The Centennial Projects Tax Status Act.

And has agreed to report the same with certain amendments.

Your Committee recommends that the Report Stage on Bill No. 7 - An Act to amend The Civil Service Act, be not taken into consideration until such time as the Bill has been reprinted to include all amendments approved by this Committee.

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

MR. WALDING: Mr. Speaker, I move, seconded by the Honourable Member for Gimli, that the report of the committee be received.

MOTION presented and carried.

MR. SPEAKER: Ministerial Statements; Tabling of Reports. The Honourable House Leader.

MINISTERIAL STATEMENT

HON. SIDNEY GREEN, Q. C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I'm suggesting unless there is serious objection that we have sittings of the House tomorrow in the morning and in the afternoon but not in the evening.

MR. SPEAKER: Is it agreed? (Agreed) The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, I don't rise to object to sitting tomorrow. There is just one problem that we thought we had on this side, had resolved that if the House did not sit tomorrow. In Law Amendments last night I asked that a reprinting be done of Bill No. 7. We would like to have that before us before we proceed in discussion in the report stage of that particular bill.

A MEMBER: We won't proceed with it tomorrow.

MR. JORGENSEN: And if we can have the assurance that it will not be proceeded with tomorrow that will at least give us the weekend to prepare some amendments to that bill, and if the bill can be reprinted and distributed at the earliest opportunity, it'll be of some considerable help to us.

MR. SPEAKER: The Honourable Minister of Labour.

MINISTERIAL STATEMENT

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): If I may, Mr. Chairman, I confirm what the Honourable Member for Morris said, and it was agreed at the committee meeting last night. The whole report from the committee was not read, if you noted this morning, but in the report there is reference: "Your Committee recommends that the Report Stage of Bill No. 7, an Act to amend The Civil Service Act, be not taken into consideration until such time as the bill has been reprinted to include all amendments approved by this Committee." So the intention is there, and we're going to expedite as much as possible the reprinting of the bill so that we'll have it before us at an early date.

MR. SPEAKER: While we are being so amenable the Chair would like to indicate that I do have a conference to attend and I beg the indulgence of the House to co-operate with the Deputy Speaker that will be in the Chair this afternoon and tomorrow. Notices of Motion; Introduction of Bills. The Honourable Minister of Industry and Commerce.

INTRODUCTION OF BILLS

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East) introduced Bill No. 74, The Manitoba Trading Corporation Act (Recommended by His Honour the Lieutenant-Governor).

MR. SPEAKER: Questions. The Honourable Member for Lakeside.

ORAL QUESTION PERIOD

MR. HARRY J. ENNS (Lakeside): Well, Mr. Speaker, I direct a question to the Minister responsible for Transportation. I believe the Minister of Industry and Commerce has that responsibility. My question is, in view of a statement made yesterday by Dr. Bandeen, President of the CN Railway, that the CNR is contemplating the purchase of a large number of new passenger cars, has the minister made representation to either the CNR or the Federal Minister of Transport pointing out that if the CNR can afford the purchase of considerably new passenger cars, that perhaps it was also possible to purchase and build some new grain carrying cars. --(Interjection)--

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

MR. EVANS: Well, Mr. Speaker, I'm pleased to inform members of the House that this matter was brought up at meetings over two months ago in Ottawa, and also I had the pleasure of discussing the matter with the then retiring Chairman of the Canadian National Railways, Mr. Norman McMillan, and we had the pleasure of discussing the matter again yesterday afternoon in the Premier's office. This is a matter that we are actively pursuing. We think Winnipeg is a natural transportation equipment manufacturing centre, and it's one we are pursuing very actively.

MR. ENNS: A Supplementary question, Mr. Speaker, to the same Minister. I wonder if the Minister could indicate that he is pursuing with the same vigour, discussions of the same nature with the other major railroad, namely the CPR?

MR. EVANS: Everything in time, Mr. Speaker. I should add that we have the whole question of the manufacture of railway equipment. There's a matter of discussions with other companies as well that may be interested in this, what is essentially a steel fabricating type of business. But we have had discussions with other companies as well.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, my question is directed to the Honourable, the Minister of Agriculture. I wonder, Mr. Speaker, whether the Minister can indicate in view of the announcement made yesterday by the Canada Grains Council that it's their intention to have the Metric Conversion Committee introduce a system of metric measurements by February 1st, 1977. Could the Minister indicate what, if any, steps his department is taking to assist farmers in making this conversion on Manitoba farms?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, as I recall it, I believe there has been some introduction of the subject matter by the staff of my department to various groups. I'm not sure if we've had workshops on it. I believe we have had, but this is speaking from memory, Mr. Speaker. I'll check more fully for the benefit of my honourable friend.

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

ORDERS OF THE DAY - GOVERNMENT BILLS

MR. GREEN: Yes, Mr. Speaker, I wonder if we can now proceed to Bill No. 82, on Page 2 of the Order Paper.

MR. SPEAKER: Bill No. 82. The Honourable Minister of Mines and Resources.

BILL NO. 82

MR. GREEN presented Bill No. 82, The Principal Minerals Royalty Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister.

MR. GREEN: Mr. Speaker, on March 21, 1974, I announced in this House a statement of mineral policy which the Province of Manitoba intended to pursue and to implement. As part of that statement I referred to taxation, and I'm going to repeat the measures on taxation just to bring into perspective the various actions that the government has embarked on since that date.

One, the existing level of royalties and taxes charged to existing operations will probably remain relatively unchanged. It is understood that such royalties and taxes are reasonably competitive with those in existence in other parts of Canada. They were based on rates that presumably could reasonably be expected to have been one manner for the people of Manitoba to receive some share of the wealth generated from the mineral resources. It is intended to provide greater flexibility in establishing new royalty rates by following our own practice with regard to oil royalties, the practice of Saskatchewan, Alberta and British Columbia, which permits royalty rates to be altered from time to time by the Lieutenant-Governor-in-Council. This will also enable the government to adjust existing royalties to realize additional revenues in the event that new forms of taxation hereinafter referred to cannot be expeditiously implemented.

Now, Mr. Speaker, you will note that there has been some modification of the government's position with respect to establishing royalty rates by the order of the Lieutenant-Governor-in-Council, which is the practice which is used in some other jurisdictions. When that particular indication was made, Mr. Speaker, it was contemplated that we were going to be in a very difficult position with regard to the implementation of a new form of taxation, that is, the tax which was intended to achieve additional revenues on the economic rents which were being realized by the companies concerned rather than by the return on the investment, and that was a major consideration in suggesting that we would make the royalty rates flexible, because if we were unable to implement the new tax with the dispatch which we desired to do, we had no intention of foregoing the revenue possibilities in the meantime, and therefore we felt that since the mining companies should be making a greater contribution through taxation, that we did not want to lose that possible revenue by having no possibility of dealing with royalties during the interim. And that's one of the reasons that the suggestion was made that these things would be modified through the Lieutenant-Governor-in-Council.

Now, Mr. Speaker, since that time, it became quite apparent to us that despite the fact that we could put into law the principle of a new form of taxation in terms of realizing the economic rent, it also became more and more apparent that we would not be able to implement that law in time for dealing with the 1973-74 fiscal taxation year. On that basis, Mr. Speaker, and the government had no desire, it is not a position that we want to be in the position to tax by Lieutenant-Governor-in-Council generally, although, Mr. Speaker, I'm not ruling that out with regard to royalty taxes. But if the issue does not arise, it is not one that we would want to be confronting either the members of the Opposition or the people involved in the industry with, and for that reason we said okay, that we know that we are going to not be able to implement the tax on economic rent this year, therefore let us adjust the existing royalty by an amount, put it into the statute, and make it adjustable downwards when the new royalty tax comes in. And on that basis the Minister of Finance, Mr. Speaker, brought in legislation which adjusted the royalty rate to 23 percent, fixed in the Statute - that is, the upward limit fixed in the Statute - so that the amount of money that was contemplated to be realized could be done through a tax rate which was in the statute and fixed, and need not be adjusted by the Lieutenant-Governor-in-Council. So rather than the Lieutenant-Governor-in-Council having moved it to 23 percent, the Legislature is being asked to approve a piece of legislation that would have that effect.

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(MR. GREEN cont'd)

We still, however, Mr. Speaker, in order to implement the policy, required the flexibility to bring that royalty tax down when it is to be substituted for by the tax which we hoped, and still are of the opinion, can capture economic rent. So the policy statement to that extent, Mr. Speaker, is being implemented in its entirety. The manner in which it is intended that it will operate, is that when the incremental royalty tax becomes operative, then the additional revenues that are being contemplated to be achieved by the raise from 15 to 23 percent, will be achieved by the incremental royalty, and the 23 percent then would be reduced to 15 percent so that the statement in the mineral policy statement that the existing level of royalties will remain relatively unchanged, will be carried out in accordance with its intentions. So that is the first level of taxation, Mr. Speaker, and that was the royalty tax. The intention when the entire policy statement is implemented, is that that royalty tax will be, inasmuch as intention can ever be, a statement as to future position which can change, but our policy as of now is that it will be 15 percent and that the incremental royalty will make up the additional revenues that are being sought.

Now, Mr. Speaker, I wish to indicate that things have changed since we issued the policy statement; that royalties have gone up in the Province of Ontario; royalties have changed in the Province of British Columbia. The Manitoba Government is of the opinion that it can best achieve additional revenues, not by affecting the basic royalty, but by affecting what we think are gains made through the improvement in economic rent rather than a tax on royalties as a flat income tax which is what has been the procedure up until now.

Now the second item of taxation, Mr. Speaker, was as follows: A new tax will be introduced with the specific intention of providing the people of Manitoba with a fair share of the economic rent accruing to our resources resulting from their scarcity and enhanced value and not resulting from an increased cost of production. Recent events have made it quite clear that prices in many commodities, and in particular natural resources, have risen without relation to their cost of production. This phenomena has resulted in returns to the private developers of such resources far beyond the kind of return which was contemplated by the original investment. In such cases, the returns become the reward, not of enterprise or initiative, but merely the fact that they were developing the resource at a particular moment in time. The Government of Manitoba is of the opinion that the real owners of the resource, mainly the people of the province, are entitled to a realistic share of these unpredicted enhanced value of their resources. To this end, the Government of Manitoba intends to introduce a tax related to price increases in the basic products presently being exploited by our mineral resource industries. This new tax will be calculated to permit the people of Manitoba to obtain a percentage of any price increase beyond basic levels to be established. The basic levels will be established in such a way as to be fairly certain that a reasonable return on original investment capital will be protected. Beyond such reasonable return on original investment, which the government regards as a fair entitlement of any investment, the people of Manitoba will share the benefits of price increases. The base prices referred to and the percentage of return to the people will be established in due course. In order to insure that the imposition of this new tax will not result in companies ignoring or abandoning lower ore grades, it is intended that the tax will be modified in such a way as not to apply where ore grades would not economically justify their exploitation in the absence of such modification. It is also intended that this public benefit from increased prices will be levied in such a way that rising costs of production will be taken into account.

That was the statement of policy, Mr. Speaker, that was made, and I have now tabled and moved for second reading that piece of legislation which is intended to implement that particular policy.

Now, Mr. Speaker, in making this statement, I want to now, because I think it will be helpful, distinguish between what the Province of Manitoba is doing and what the Province of Ontario is doing, and to those people who are involved in the business world I say, in all attempted objectivity that what we are doing is far more sensible than what is being done in the Province of Ontario. The Province of Ontario is imposing a graduated tax on the income levels of mining companies, and I believe that the graduated tax starts after a certain number of millions of dollars - I don't remember which - but let's take the figure of 20 million as being an example: that up to \$20 million the tax is X percent; beyond \$20 million the tax is

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(MR. GREEN cont'd) 2X percent - and I've used hypothetical figures. Now anybody who has been involved in business would realize that that is a completely unrealistic situation. I have to say this despite the fact that it's a neighbouring province. I have to put it to honourable gentlemen that somebody who has got \$200 million invested in a mine and makes \$20 million, is making far less money than somebody who's got \$5 million invested in a mine and makes \$10 million.

Now is that not plain as the nose on all of our faces, particularly my own? The fact is that it is completely unrealistic to suggest that there can be an absolute tax level on a realized profit of a corporation in the same way as there is a graduated tax as between different citizens in society, which is what the Government of Ontario is doing - or at least has indicated. In our situation we are trying - and, Mr. Speaker, I would indicate that we believe that we have come forward with a very good principle in legislation; we know that that principle is difficult on implementation, but we say, Mr. Speaker, that the results of that type of legislation that we are pursuing would be so beneficial as to make us want to attack those difficulties, because our intention, Mr. Speaker, is to proceed on the basis that an investor is entitled to a reasonably fair return on his investment, and if that return happens to be 8 percent or 10 percent or 15 percent, we are at this moment not dealing with it in those terms. But let us assume that it could be agreed that what you should get in the mining industry is 13 percent. What we are saying is that once it is established that that is the return and somebody then gets 20 percent, the return from 13 to 20 is not a return on investment or on capital, it is really a return on economic rent, or the scarcity of the resource, or the fact that the person happens to have bid on that resource in a period when it was less scarce and therefore is getting the advantage of having his commodity sell at the price that is required to produce the last commodity found. And on that return the public is entitled, as the owners of the resource, to get a return and it's that next 7 percent that we are trying to deal with.

Now I would submit, Mr. Speaker, that that is a much fairer system of taxation than anything that has been brought forward to this date, and therefore if honourable members see problems vis-a-vis the specific legislation that we are bringing forth, I would welcome the fact that they would point out these problems. I would realize that we are not in a perfect situation in this particular legislation, as in many others, Mr. Speaker. I cannot say that we looked at another province and found out what to do, or we looked at another country. To my knowledge, and of course I could be wrong, but to my knowledge, Mr. Speaker, the Manitoba Government is pioneering a form of legislation which in my view has the greatest hope of realizing that balance as between investment capital, a return for investment, return for ownership, than has thus far been presented anywhere, Mr. Speaker, that I am aware of. And I submit, Mr. Speaker, that that is a challenge which is worthy of the members of this Legislature to face and apply themselves to, because if that is not done, Mr. Speaker, I am going to suggest to you that whether it is a New Democratic Government or a Liberal Government or a Conservative Government, that there is always going to be a fight and that you will get, Mr. Speaker, much less sophisticated and much less equitable forms of legislation to try to determine who should be the owners of that resource; that Mr. Lougheed, a Conservative Premier, introduced the most revolutionary changes in direct increases in oil royalties, and he did so, Mr. Speaker, completely without expectation from the industry. The Province of Ontario has done the same thing. And I am suggesting to you that what we are doing here is a new approach which is designed to deal in an equitable way with those problems.

Now, Mr. Speaker, I'd like to make the following point, which is important. I have noticed that some people, particularly in British Columbia, are taking the position that it is now the fact, it is now the law, that provincial taxes on mining companies are not allowed as a federal deduction, which of course is a complete change. Up until now, the mining companies paying a royalty to the Province of Manitoba show it as an expense and that comes off their income tax. They indicated that that might not be the case by 1977. In Mr. Turner's suggested budget he indicated that, as of now, mining companies paying a tax to a Provincial Government do not have the opportunity of writing that tax off as an expense on their federal income tax, which effectively I suppose - and I'm not a tax expert - which effectively doubles the Manitoba tax if that were the case. Because presuming that they are paying taxes at a rate of 50 percent, if they can pay tax to Manitoba and have it written off their income tax, at least it is allowed as an expense and therefore results in the tax being that dollar value; if they cannot write it off

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(MR. GREEN cont'd) . . . on their income tax, then of course it effectively doubles the Manitoba tax, and then industry in British Columbia is particularly fighting the situation that the provincial government is taxing them even though the Federal Government is now not allowing that.

We are proceeding, Mr. Speaker, on what I think is a reasonable basis that we cannot take the position that there is a new federal taxing provision which makes that situation irreversible. We have a statement of federal taxing intention, but it seems to me that the present state of federal politics does not justify us in assuming that the budget presented by a Cabinet Minister who may not be the Cabinet Minister, and indeed may not be a member of the government that is involved, in six weeks' time, is a provision that should upset our intention in proceeding with a certain tax policy.

Now, we are therefore proceeding on the basis that for the moment there is no change in federal taxing policy. If however there is a change in federal taxing policies, we are proceeding in such a way, Mr. Speaker, that there remains flexibility in the Province of Manitoba to deal with these questions because the Act that we are now presenting does not come into force until it is proclaimed in any event. If the federal tax policy makes it such that we must delay in proclamation, or amend before the proclamation, then of course that can be taken into account. But it's my urge to honourable members that we not be prevented from proceeding with a clear implementation of what I think should commend itself to this House as being a good tax measure because the Federal Government may do certain things, if indeed it's the same Federal Government after the election comes in. So that is the first assumption that I would like honourable members to take into consideration in their analysis of this bill.

The second, Mr. Speaker, is that there is an intention at the present time, and I want to make it known to honourable members, to amend certain provisions when the bill does come to Committee. I want to make those intentions known.

In the bill, because it was intended to link in with the royalty tax there was an indication that it would be, that on proclamation the provisions of the bill would go back to July 1st of 1974. It is now intended that there be no retroactivity at all, that we will not be proceeding with the bill in such a way as to make any of its provisions retroactive. It will be sufficient if we proceed with the bill that will come into force on proclamation, and when it comes into force the government can then amend by Lieutenant-Governor-in-Council, it can reduce the royalty tax, implement the incremental royalty tax in such a way as to, from that point on have the tax captured in those two forms rather than having it revert back to July of 1974.

So, Mr. Speaker, I say at the outset, and I would ask honourable members not to involve in a confrontation which, or a potential confrontation which will not exist, there is no intention to use the date of July 1st of 1974 at all, and where it appears throughout the Act it will be amended so that effectively the provisions of the Act will come into effect on proclamation, and when they do come into effect on proclamation they will not go backwards in an attempt to reverse a tax situation which had previously existed.

The other indication that I want to make, Mr. Speaker, is that the present husbandry surcharge will be complemented by a husbandry credit. The husbandry surcharge indicates that where a mining company goes beyond the range, or where it is indicated that the mine should be operating, that is to use the miners' term, where it high-grades strictly for the purpose of realizing the best ore, that it's going to have to pay a tax on high-grading. On the other hand we feel that it is only fair that the reverse should be true, that if it mines low-grade ore, and does it successfully, that there should be a credit so that the part of the paper which says that there will be a modification to encourage not leaving ore because it becomes impossible to make economic because of taxation - the Honourable Member for Brandon will maybe correct me, then you do not call it ore, but that the potential ore, there would be an incentive to the extent that people pay a penalty for high-grading and get a benefit for working low-grade. Now the hope is then that they will operate within the grade. I mean we don't expect people to be able to low-grade and make money and we don't want people to high-grade and ignore the total beneficial situation. The hope and the expectation is that they will operate within the grade, but there is that provision, and there is an intended provision to deal with the possibility which is not contained now within the present bill but which we will be introducing an amendment to deal with.

Now, Mr. Speaker, let me then come to the principle as to how the suggested tax will be levelled. The Act provides that there will be a base mining year; that that base mining

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(MR. GREEN cont'd) year would be based on the five years between 1968 and 1973, and that if a company during those years, and using a weighted average made \$15 million a year, then we are taking that as indicating that that mine was operating on the basis of a reasonable return to its investors, and on that figure of \$15 million it will pay a basic royalty.

The Act as worded is intended to provide a comprehensive scheme of mining taxation and refers to a basic royalty of not more than 33 1/3 percent. --(Interjection)-- Well, Mr. Speaker, if it intends to bring supply management -- if it intends to also husband in a good and proper manner the resources, the mining resources of the Province of Manitoba, then it even has more to say for it, Mr. Speaker, than I have already said. However the 33 percent maximum rate of the basic royalty is there because the Act's basis of calculation is somewhat different than the calculation that is used under The Mining Royalty Act, the Act that is administered by the Minister of Finance. But to make it quite clear that that royalty rate is not the effective royalty rate that is paid, the Act also indicates that the mining company has the option of using the 15 percent royalty charge which goes in effect for the taxation year 1973, and the basic royalty then effectively becomes the 15 percent rate that has been used up until now. And I say this because I want honourable members to know that I have had some difficulty because of the two figures used in understanding it, but I believe that it is quite reasonable as it is now presented that effectively the mining company, although the basic royalty is stated to be a maximum of 33 percent, they are entitled to a 100 percent credit on the basic royalty by calculating what they have paid, or what they would have been required to pay under the 15 percent royalty rate. That's on the \$15 million that we'll say is their basic mining year. If they haven't had a basic mining year then, Mr. Speaker, it is provided that the Minister can fix a basic mining year and that can be subject to appeal.

It is intended, Mr. Speaker, to fix a basic mining year on the same basis, Mr. Speaker, as a mining company decides to make an investment and a reasonable return, which is information which is easily calculated on the basis of the history of the mining industry, that a basic mining year is fixed, that you pay your basic royalty on that basic mining year, that if then because of scarcity, because of increase in prices, instead of earning \$15 million, and on the same cost of production, which is taken into account, you earn \$25 million, then we consider the extra \$10 million to be a return for economic rent, not a return on capital, not a return for initiative, a return on ownership, and that the public is entitled to a fair share of that economic rent return.

Now, Mr. Speaker, I think that the public is entitled to a lot more of a share than is listed in this Act. The amount in the Act is stated to be a maximum of 50 percent. I happen philosophically to think that economic rent insofar as it occurs is something which the public has created and not any individual within the public, and that although a person is entitled to a return on his capital, although he is entitled to a return on his personal initiative, that the public is entitled to the greatest return on economic rent, and to this date, Mr. Speaker, they are getting the least return on economic rent. So that on the economic rent, which is the additional \$10 million, there is a maximum royalty listed at 50 percent which is called an incremental royalty. So the effective rate of taxation would be 15 percent on the \$15 million, and 50 percent on anything over the \$15 million, on the additional 10 million.

Now, Mr. Speaker, this proposition is entirely in accord with the policy statement that we have issued. It insures that incremental royalties will be based on profit and not based on volume. And that's why the people who have used the term "volumetric tax", and I know that it has been used by people on our side as well as yours, are not correctly identifying this tax. There is no tax unless there is first of all a return which is based on the base mining year, or the base mining year as fixed by the Minister, and any additional money has to come out of surplus profits.

Now, Mr. Speaker, what are these surplus profits? Every farmer knows what they are. Every farmer knows that on the best land he will be making more money. Let us say that wheat is selling at \$2.00 a bushel and the farmers who have got the best land with the most qualities for growth in it, qualities for producing, least problems of water, etc., will be able to make a living. If a farmer is operating on land which has less qualities, he will have to abandon it because he couldn't produce wheat unless he got \$2.50 a bushel. So he will abandon that land. Well the reverse is also true, that where you have a price of \$2.00 a bushel a certain amount of land is in production. Where it goes up to \$2.50 we now bring into production

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(MR. GREEN cont'd) those lands which could not properly produce economic return at \$2.00, and more land goes into production. When the price goes up to \$3.00, still more land goes into production. When it goes up to \$5.00, we start farming lands, we start farming -- I think that the Member for Morris will not disagree with what I am saying - that we start farming lands, not only do we start farming lands that people would never have considered for farming, but we start draining lands, we start creating lands. And if you'll ever go to the country of Japan they start to try to level little ledges of mountains to be able to have a place to produce, and I assume that their costs of production on that basis are very high. But what has occurred there, Mr. Speaker? We are now paying \$5.00 wheat, you have now brought in the last marginal land. The one who has the land that was in the \$2.00 category now earns \$3.00 without any additional effort. He is now earning economic rent and, Mr. Speaker -- (Interjection)-- I think it's 58.

Now, Mr. Speaker, what applies with regards to lands applies in every other area of human endeavour and it certainly applies in the mining industry. And where we are talking about our natural resource industry, and now I will leave the agricultural area because the question of economic rent is not involved in our discussions here, but we go to the mining area. When a person is mining, if one and a half percent copper becomes acceptable to mine then mines, which have been sitting possibly undeveloped because it was uneconomic unless you have two percent, will suddenly come into production. There will then accrue to those who have been mining a higher grade, an economic rent which is based on the new price which has caused the other mines to come into production, because the price that you will pay for copper is always the price that it costs to produce your highest ounce of copper, because that's the last one that is brought into production, the same way as the \$5.00 wheat. In the meantime the person who has been mining higher grades will get a higher price with no additional initiative, no additional capital investment, he will get what is called an economic rent. And I suggest, Mr. Speaker, that one of the big dilemmas which society has faced for as long as we have been here, is how to so structure ourselves that there is a fair return for capital, and I think that there should be; that there is a fair return for individual initiative, and I think that there should be; and a fair return for economic rent. And if one will look historically - and I urge the Member for Lakeside to now look at Page 38 - if one will look historically he will see, Mr. Speaker, that the return for labour, the return for labour has never moved very dramatically. It has moved, but in the last analysis it has not moved so that the person who merely invests his individual efforts gets much more than what is needed to satisfy his individual wants and needs for shelter, clothing, and what have you, that wages have tended to a minimum although there are certain things that workers have done in order to improve their bargaining position, but wages have tended in that direction. There has also never been dramatic changes in the return on capital; that interest rates they do go up, and they have gone up from four percent to 11 percent over a period of years; but they have only gone up to that extent, not because there is a bigger return on capital, but because there is insecurity in the value of the dollar. The 11 percent is not much higher than the seven percent was because the person who is loaning money is getting back cheaper dollars, and therefore the return on capital has not been that much higher.

But the return on rents, Mr. Speaker, economic rents, have been enormous. It is only in this area, well, that there have been enormous gains; that where a square foot of land on Portage Avenue was -- and when I use the term "rent" I'm not using the term "rent" that is paid to a landlord from a tenant; I'm using the term, what makes a foot of land on Portage and Main worth more than a foot of land located in Churchill, and what makes a foot of land on Portage and Main worth, let us say, 50 times more, not like a return going from four percent to 11 percent, but a return going 50 times more than a piece of land that is located within four miles of it. And that is economic rent and that is where the major return has been accruing, and, Mr. Speaker, it is that area which is not created by individual initiative, it is not created by effort, it's not created as a return as is so often used in the free enterprise system for having produced something - because I sincerely believe that somebody who produces something should get the value of that production. It often accrues to somebody who has produced nothing. As a matter of fact, there is an advantage to not producing as against producing, because you can use your lot on Portage Avenue as a parking lot and take the speculative value rather than putting a building on it, and that has happened in the core of Downtown Winnipeg.

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(MR. GREEN cont'd) Because people are looking for the economic rent. And, Mr. Speaker, I do now say that if one would read the works of Henry George in this respect they will see that that wealth, which is not the result of individual effort, has been the result of community effort; has been the results of the efforts of society; and it is that wealth which society should have a greater claim to. This is the basis of this legislation in trying, in the resource industry, to capture some share of the economic rent.

I believe, Mr. Speaker, that if we do this thing, we will have a sensible balance between what one gets for capital, what one gets for initiative, and what the community is entitled to on the basis of economic rent. And if we don't find a sensible solution, Mr. Speaker - and this is just one effort to do it - then I suggest to you that there are going to be all kinds of not sensible solutions, and it won't depend on the label of the government that the public is demanding that this be done, that it'll be done by a Progressive Conservative Government, that it'll be done by a Liberal Government, or it'll be done by a New Democratic Party Government; and therefore for somebody to not broach this problem on the basis that it will go away, would be ignoring the fact.

I indicated earlier that this particular incremental tax is based on a return to capital; that the tax does not come into play until after that return has been fixed and realized, and that it is beyond that return which makes it, as was described by one member of the Department of Finance, a two-tier income tax system. Not a graduated system such as would apply to my honourable friend and myself, because a graduated system such as they've put into effect in Ontario makes no sense. This is a two-tier system based on, first of all, a basic royalty on the return on investment, and then a tax on economic rent or surplus profits or increases in prices, something which, Mr. Speaker, would not have happened, or would not have been a factor in making uneconomic the investment upon which the mining company was based.

And therefore, Mr. Speaker, when we look at these two paragraphs and look at the combined effect of the two laws that are being proposed, the one that's proposed by the Minister of Finance and the one that is proposed by myself at this time, one will see that the policy statement of taxation is being implemented in every respect, and it's not being hedged on or departed from, and if honourable members during the debate would be good enough to indicate where we are wrong in this respect, then I would certainly be willing to accept their criticisms and suggestions in that connection.

The Leader of the Liberal Party's here now and I do want to say it to him because he will, I know, be interested, that we are going to make certain changes; that any feature of retroactivity is being removed. It is not necessary because the Act will only apply from the time that it becomes proclaimed, and that any reference to July 1st, 1974 is being removed. I want to repeat for his benefit that the 33 percent is effectively 15 percent because you are entitled to a credit for the amount on your basic royalty, for the amount that you have calculated on the Mineral Royalties Act as it existed in 1973, that your effective tax is therefore the present Mineral Royalty Tax without the additional eight percent; fifteen percent plus a maximum of 50 percent on the economic rent that I have been referring to. That is what is intended. That, Mr. Speaker, is what we are seeking to achieve. I indicate to honourable members that we did not have anything to rely on. We believe, I believe that we are the first to make this type of tax advancement, and I believe it is an advancement, and therefore we are pioneers in the field. I believe that the benefits of this type of taxation for our society as a whole are sufficient to justify us on embarking on this challenge. --(Interjection)--

Well, Mr. Speaker, I did indicate that there would be a change in the section relative to husbandry surcharge; that there would also be a husbandry credit; that the present bill imposes a tax on high-grading; that there will be a complementary section in giving a credit on having developed low-grade ores in the hope that what we are trying to do is keep people within the taxation range.

I also indicated, and I'll repeat this quickly, that we are proceeding, and the Leader of the Liberal Party may not like this but I have to tell him that we are proceeding as if the federal statement that they are going to not give a credit on mining taxes paid to the Federal Government is really a very, very hypothetical statement at this point, to say the least, and that in any event the tax would not come into existence until it is proclaimed; and that, therefore, if that does cause us to have a relook at our situations, then I would go to -- frankly, I would go to the Federal government and I would say, "This is the type of tax that we want you to collect

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(MR. GREEN cont'd) on resource industries, that there should be a fair return for the producing province," and I would urge them to do this type of thing and, Mr. Speaker, I am not . . .

INTRODUCTION OF GUESTS

MR. SPEAKER: I wanted the honourable gentleman to finish his thoughts. He still has time although he's gone 40 minutes. But I wonder if I can introduce 25 students from Warren Collegiate of Grade 11 standing, under the direction of Mr. Wiebe. This group comes from the constituency of the Honourable Member for Lakeside.

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

As I indicated, the Honourable Minister still has time because he's shepherding a government order through.

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MR. GREEN: Well, Mr. Speaker, I'm not accustomed to, nor is it generally my province to introduce a tax measure. I do so with utmost confidence in the principle of what we are doing. I will concede that sometimes it's difficult to move from the pro's that we have indicated what we'd like to do, to the legislation and reading the legal language - even though I'm a lawyer, I'm not a lawyer for my own department - in making sure that it represents the intention. I therefore have indicated to honourable members that I have gone over it; in my opinion it fulfills in entirety the commitment that we made with regard to our Mineral Taxation legislation. If there are areas where honourable members can say to me that it does not do so, then I would want their assistance in that regard.

The Honourable Leader of the Conservative Party, the Leader of the Opposition, sort of hinted at a possible type of attack, or at least criticism, when he said that there'll be a different tax for each mining company. There will be the same formula for each mining company, but each mining company may have to pay a different tax on the basis of the productivity of that mining company. But the same formula will apply.

Now, I know that honourable members can raise all kinds of questions with regard to a new field that is now being moved into. I suggest, Mr. Speaker, that equally damaging suggestions as to taxation can be made to the existing and pre-existing systems. The only difference between those and these, is those are on the Statute Books and this one is not. I believe that the principles that are being enunciated will commend themselves to the people of the Province of Manitoba. I believe that they represent to the mining companies, or should represent to the mining companies - and the honourable members will note that the mining companies have responded in a rather, at least not the negative way - I was going to say "positive" - but at least not negative way to the intention of what we are doing, they have merely said, "How do you propose to do that type of thing?" And, Mr. Speaker, we have now put our proposition. We believe that it is a good proposition. We believe that it will prevent frustration and the attempt to achieve equity in terms of the ownership of natural resources in way which I could quote to honourable members and which have taken place in different parts of the world, because I believe that it recognizes that where people have made investments on the basis of expectations, that a government has to have integrity vis-a-vis those positions.

Now, as to the future, people have to link this policy with what we have also said. We, Mr. Speaker, don't look to taxation as being the final area for realization by the people of Manitoba of their greatest potentialities in mining. So we coupled this legislation with the suggestion that in the future the public of Manitoba, either in concert with other companies or by itself, will be attempting to capture the entire economic rent by involving itself in the industry and doing what the industry will do. It has never been my position that you let the industry go ahead and risk the money and "we'll take it when they make it." As far as I'm concerned, Mr. Speaker, the industry is not to be criticized for the strides and investment risks that they have taken in this province, and the return that they have realized. That's not something that I would blame them for. And when the Honourable Gurney Evans was standing where I was, I told him that I had no criticism of the industry at all. I have criticism of him and I would have criticism of myself and the members of this government if they did not exercise the same kind of imagination, the same kind of energy, the same kind of initiative as was exercised by the industry to put them in the position they are.

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(MR. GREEN cont'd)

So our policy is two-fold. Existing mining is entitled to a fair return. They have to pay an incremental tax on economic rent. Future mining, the people of Manitoba are going to be involved. The honourable member says if you don't do it, get out and we will. That's not my impression, Mr. Speaker. My impression is that the industry in their brief to the government is very happy with this new notion that a government is willing to put up money, not just take money; that if we are willing to take part of the risk, they are happy to be part of our operation. Well, then if the honourable member doesn't disagree, I'm happy to have at least a convert, that he agrees that what we are doing in mineral exploration, despite the fact that we didn't find a mine yesterday, and as far as I'm concerned we may not find anything for a long time, I'm certain that if we keep digging and we keep investing that the mines will be found. And if the honourable member now agrees with that, I'm very . . .

A MEMBER: A joint venture.

MR. GREEN: A joint venture. Well, Mr. Speaker, "joint" can be 99 percent and one percent. I am most happy with joint ventures for one particular reason. Because, Mr. Speaker, I want the expertise that the industry has. Now you can get that in two ways. You can just go ahead and buy it or you can be involved with that. But if I had all their expertise - I'm being completely selfish in this connection - if we had all their expertise, then what I said yesterday was quite right, that 30 percent is better than 20 percent, and 60 percent is better than 30 percent - and 100 percent is best of all.

However, I am a practical man --(Interjection)-- practical, and reasonable -- for the Honourable Member for Portage -- reasonable. --(Interjection)-- Well, determine, Mr. Speaker, that we try, at least try to remedy some of the problems which are blatant to everybody, which everybody has indicated they have to do something about, Conservative, Liberal, New Democrat, and somehow have not found the means. Now I don't know whether I have found it, but I believe that we have moved in the direction of finding it, and the direction that we move in, Mr. Speaker, is an attempt in one area of the resource industry to bring society to a state where there is a better distribution of that return which accrues to capital, that return which accrues to individual initiative and effort, and that return which accrues to the public in terms of economic rent, an area where the public has been on the outside for all of that period up until the present time.

I commend this legislation to the House.

MR. SPEAKER: The Honourable Leader of the Liberal Party.

MR. I. H. ASPER (Leader of Liberal Party) (Wolseley): Mr. Speaker, I wonder if the Minister would answer two or three questions. I think he'll need leave because he's probably -- no, no . . .

MR. SPEAKER: No, he doesn't need leave.

MR. ASPER: To the Minister, and I concede that I read the Act a couple of times and I'm having trouble understanding it - it's a very complex piece of legislation. I wonder if he would clear up something I'm having difficulty with on the husbandry surcharge. Is it possible under that section, under that concept of the Act, with the regulations that will flow, that the government is going to say to a mine, that this is what you've produced but this is what we think you should have produced and we're going to tax you on the basis of you produced what you should have produced as opposed to what you did produce.

MR. GREEN: No, Mr. Speaker, that is not the way I read it. What we will say is that this is the range of copper that you have been mining - let's say that that range is two percent - that within that you are entitled to go 1.75 or 2.25 in order to be in that range; that if you have mined 2.4 percent copper in excess, that you have been above the range, we're going to tax you for having produced that 2.4. If you don't produce at all, or you produce much less in terms of production, as long as you are within the range you are not sort of taxed as not having properly husbanded it as long as you are within the range. The amount of production is not a part of that consideration, as I understand it.

MR. ASPER: Should world prices dictate that you not mine a given mine in a particular year, there would be no tax penalty?

MR. GREEN: You don't have a tax for not producing. What your tax is, is the tax that the honourable member is well aware of. That if you have fixed costs, production costs, and you don't produce, it means that you lose money, but there is no tax on not producing. There

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(MR. GREEN cont'd) is a tax for high-grading and there is a benefit for low-grading.

MR. ASPER: Mr. Speaker, further down in the Act there is an assessing procedure whereby the government establishes its claim for tax. If the mine disapproves, it has the right of appeal to the Mineral Board, and I believe that's where it ends. Now, Mr. Speaker, my question to the Minister is, would he not consider that, because the right to tax is the right to destroy and every taxing statute we've ever had always has an appeal to the courts, would he not consider including the provision that there can be a further appeal to the courts?

MR. GREEN: Mr. Speaker, I did have that in my mind. I said - by the way it doesn't stop at the Mineral Board, it goes to the Minister, which is --(Interjection)-- It's worse, right. I did consider that but I am advised that that does not apply to royalty taxes and I do not believe that the royalty taxes - well, and it also goes beyond that. This is the only resource that is treated in this particularly stand-off fashion that we can tell a person who is harvesting trees that "you have to harvest other areas than what you are harvesting." This is a management of the resource; this is not a tax. And the management of the resource has to be related to what is being taken. Now I do not believe, I'll have to check with the honourable member and I'm willing to check, I'll check with the Minister of Finance as to whether there is an appeal to the courts relating to the royalty tax.

MR. ASPER: I thank the Minister for that clarification and I hope we'll get an opportunity to debate it a bit further. The next question is, do I read the Act correctly when I gain the impression that there is a very substantial incentive for exploration to the extent that the more exploration and development of new mines that a mining operation develops, the less its taxable income will be? Is that correct? I'm trying to compare this to the Ontario new legislation.

MR. GREEN: I wouldn't want to use the word "incentive", Mr. Speaker, but I believe that certain exploration costs are considered legitimate expense, which come off the revenue. I really can't say at this time whether that's more than it is now the case, because mining companies are entitled to charge exploration costs in terms of expenses. If it's more, then I'll have to check. I wouldn't want to say that it's an incentive; it's a legitimate way of dealing with legitimate expenses of the industry.

MR. DEPUTY SPEAKER (Mr. Walding): The Honourable Member for Morris.

MR. JORGENSON: Mr. Speaker, I rise on a point of order. I know that the Leader of the Liberal Party is unfamiliar with the rules of this House, but the purpose of second reading of the debate is to debate the principle of the bill. The questions that he's asking are not questions asking for clarifications, he is attempting to get information that can be better achieved and acquired during the committee stage of the bill.

MR. DEPUTY SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I rose to move the adjournment of this bill, seconded by the Honourable Member for Riel.

MOTION presented and carried.

. . . . continued on next page

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I wonder if you would now proceed to the adjourned debates on second readings--don't take the treasury branches yet; start with No. 73. No. 73, Mr. Speaker.

MR. DEPUTY SPEAKER: Bill 73. The Honourable Member for Radisson.

COMMITTEE SUBSTITUTIONS

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I rise to ask leave to make a change on the Economic Development Committee. Substitute Dillen for Osland on the Economic Development Committee.

And, Mr. Speaker, I'd like to bring to the attention of the honourable members that Mr. Speaker Fox's birthday is today. I was hoping to rise earlier to extend birthday wishes to him. I don't know whether he's planning to come back or not but possibly you'll convey that fact--he's not coming back. So on behalf of the members we do extend a happy birthday. I was trying to get his attention before. (Applause)

MR. DEPUTY SPEAKER: Thank you. I will be pleased to extend the House's very best wishes to Mr. Speaker Fox on his return.

BILL NO. 73

MR. DEPUTY SPEAKER: Bill No. 73, the Honourable Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Thank you, Mr. Speaker. We recognize the intent of the principle of this bill as a good one, Mr. Speaker. In principle we have no objection to it. We have some reservations, however, about the teeth of the legislation and its effectiveness in preventing occurrences such as the Powerview Arena collapse this past winter. The Minister in speaking to the bill on second reading pointed out that many of the provisions in the legislation are designed specifically to prevent that kind of thing from occurring in the future. However, it seems to us, Sir, that the whole test of the Act is going to come in the inspection process and the communication that is maintained between people involved in construction projects and the Minister's departmental officials. If there is no proper communication, if there is no proper supervision, then the effectiveness of the Act is going to be nil in that specific area. Admittedly, the Act will bring a semblance of order and regulation into the area of mobile homes, and admittedly it will provide, insofar as is reasonable anyway up to this point in time, a uniform building code in the province. So there certainly are some meritorious aspects of the bill.

As far as supervision of construction procedures so as to avoid possible disasters, potential disasters and near misses such as occurred in the Powerview case, we're not entirely reassured that the legislation is strong enough and that the power vested in the Minister and his inspectors is strong enough to ensure that there will be no reoccurrences of that kind of thing. We haven't encountered any strenuous objections from the industry to the legislation. I think there is a general recognition in the industry, Mr. Speaker, that some rationalization of regulations and provisions in the mobile homes and public building field is long overdue, and therefore they, that is spokesmen for the industry, generally salute, I think, and accept with equanimity the kind of rationalization in the field that is being brought by this legislation. They do - spokesmen for the industry - do, however, have some concerns about the board being appointed under the bill, that is the Building Standards Board, and we share their reservations and their concern about that board and about the makeup of it.

The industry is hopeful that there will be people there, on the board, who know, are conversant with the field and are able to bring technical expertise, Sir, to its work. We echo that concern and we would say at this point that it's to be hoped that the board will be staffed with the proper kind of technical experts who can do the job that needs to be done in enforcing safety standards. We hope that it's not going to be staffed with intellectual eggheads who are removed from the building field and the safety field, and we hope it's not going to be staffed with underpaid backbenchers in the NDP caucus who know nothing about the field. We hope it's not to be staffed, either, with underpaid backbenchers or overpaid frontbenchers in the NDP caucus, Mr. Speaker. It seems to us that the tendency has been more and more, Mr. Speaker, for this government to create boards and bureaucratic agencies as a means of providing some members of its caucus with additional forms of remuneration. Here again is an additional bureaucratic agency, albeit certainly a supervisory agency of some kind is necessary, but I think it was the

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(MR. SHERMAN cont'd) Honourable Leader of the Liberal Party the other day who expressed the hope that there would not be a new bureaucracy established under this bill and, while recognizing the fact that certainly a supervisory agency of a sort is necessary, I repeat that we hope it will be staffed with the kinds of people who can bring the knowledge and the expertise in the field there, and that it won't just be a repository for members of the NDP caucus and political hacks.

Hopefully, the provisions of the bill mean there won't be any future cop-outs in the area of construction fault and construction disaster. Hopefully, it will mean that there now won't be shifting of responsibility and denials of responsibility such as was the case in the Powerview incident. In that case, the government threw up its hands in effect and said that it was not their responsibility, they really knew nothing about it. Hopefully the new legislation will fix the responsibility either with the municipality involved or with the Minister, and from now on when something like that happens, or almost happens, it will be possible for the representatives of the people in this Legislative Assembly to know who is responsible, where the responsibility lies, and who has fallen down on the job, and there won't be an opportunity for either the Minister of Labour or for municipal officials or for building officials themselves to hide behind the jungle of excuses and cop-out on the question. We'll be eternally grateful to the Minister for the legislation if it can prove to have that effect in application.

The matter of the provision of a uniform building code in the province is certainly welcome. I would hope that the code will conform to the National Building Code stipulations in areas, for example, like the question of provisions for the handicapped, and that type of consideration. The National Building Code has spelled out provisions of that type and they've been endorsed, I know, by the Minister of Labour, and this uniform building code to result from this legislation, to be contemporary would necessarily, Mr. Speaker, I think you'd agree, have to conform with those stipulations and incorporate them, so I just observe in passing that we're looking for that kind of result from this legislation too.

As far as the industry itself is concerned, as I say, Sir, we have encountered no strenuous objections from its spokesmen beyond the area of the makeup of the board itself. They're looking, as we are, for a board that will work and that will be able to effectively police the kinds of regulations and stipulations that I think the Minister is sincerely looking for in this legislation. The onus in a great many instances will be on the Minister himself, of course, because the regulations section of the bill is wide open and really allows for decisions to be made by the Executive Council which would effectively remove municipalities, for example, from the requirements laid down in this bill. In other words, the Executive Council could absolve individual municipalities and other building agencies from having to meet the requirements prescribed in the legislation, as I read it. So there's a heavy onus on the Minister and on his department to ensure that carefully researched decisions are made in that area, otherwise we're liable to be into situations such as the Powerview one again in the future.

But with appeal to the Minister to look to his departmental officials and look to his own alertness to ensure that those areas are covered, we accept the intent and the principle of the bill as overdue and certainly needed in the province and certainly worthwhile at the present time.

MR. DEPUTY SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I rise to support the bill and the principle of the bill. I do believe that members will recall some several years ago when I presented a proposal to this House to implement the National Building Code in this province and as a result considerable debate had taken place, and it was referred to the Municipal Committee of the House at that time, which did a considerable amount of work on it and tremendous progress has been made in this field in respect to the National Building Code, and particularly Supplement No. 7, as it affects the handicapped people in this province.

I think that it was almost difficult to believe and understand that in this day and age we had public buildings, public buildings built by public money and still we were not making provisions, as far as the Provincial Government was concerned, for our handicapped people while in many other jurisdictions, and many other provinces and the States, not only that they were making provisions for the handicapped in the public buildings but they were required in private buildings, such as hotels, motels, churches, that was one of the Building Code's requirements, that there had to be made provisions, and we don't have to go too far. Some of our schools

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(MR. PATRICK cont'd) have not provisions, and I know that in one area that we took an awful lot of persuasion and encouragement of the Minister of Education then, who is the Minister of Health and Social Services, and he was instrumental in one of the regional schools in the city to, I believe, overrule the Finance Board and see that an elevator was installed, and I, you know, couldn't express enough appreciation to him for that aspect, Mr. Speaker.

But we can look at some of the other public buildings. You have the Planetarium, that there's no way a handicapped person can get into there, of a spiral staircase. So in that respect I thought we made good progress in this bill.

I agree with the Minister, and I do have some questions to ask him on one of the principles involved in the bill, where a Minister may designate classes of buildings within the province, or any part of the province or municipality, with respect to permits of occupancy and which is issued under this Act, and it may be giving the Minister extensive power I don't know, but perhaps he can explain to that. I believe some regulations and the responsibility should lie with the municipality and maybe not directly with the Minister, but perhaps there may be some reason for that that I don't understand.

I think that a mobile home is a form of housing that is here to stay and will continue to stay, and it is only proper that we look on their, you know, the kind of codes that will - I think it should be recognized that, you know, there's many owners that are now living in this type of home, many, and they should not be classified as second citizens. I think that in fact this area where perhaps next year we could look in more detail as far as mobile homes are concerned in respect to financing, lots, and so on. Because you know that they have some advantages; a mobile home can be installed, or on leased land, and hooked to sewer and water and electricity, and occupied in one day, which does have many benefits and advantages and, as I say, it's here to stay and we have to make some provisions, and will have to live with it. I know that the charges are anywhere from 150 to probably 175 a month. I'm talking about connection charges, and so on.

But one of the things that perhaps should be brought to light that there is in Manitoba at the present time, the increase in mobile homes is quite extensive which has come to my attention. I know that in western Canada there was last year around 8,000 mobile homes sold at some \$60 million and there is expected to be, I believe, somewhere in the neighbourhood over 25,000 units sold this year alone that must be cutting into a large percentage of our housing, or a good percentage of our total housing construction with that type of figure. And it is understood that we will have at least 3,000 units in Manitoba, sold in Manitoba as housing units, or used as housing units, I should say. I think it's a larger percentage on the farms or in urban areas than it is in the city.

So I am glad that at least we are coming to grips with some of the problems that we have at the present time, but I do hope that the bill will get sufficient publicity so the people will appear before Law Amendments Committee who it does affect because I know myself personally I've went through the bill a couple of times but I know that I'm not sure how it will affect the industry itself, you know, but I do feel it's certainly in the right direction that the Minister is taking. It's something that may have been done some while ago because it is now affecting many people.

So I just had these few comments to make at the present time. I do hope that the Minister would perhaps be able to answer the question in respect to the Minister having the full authority to designate classes of buildings within the province. Maybe this should be in the regulations and municipalities should have this right. So that's one area that he may be able to explain to me, but I say now the mobile home industry is a very extensive and large industry in western Canada particularly, and as far as the units themselves I know that there's a great number of these now located in rural Manitoba, not only in the province but in the urban centres as well. So there are just a few points I wish to bring to the Minister and I hope that he will have some answers to the questions that I raise.

MR. DEPUTY SPEAKER: The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Mr. Speaker, I would like to move, seconded by the Honourable Member from Charleswood, that debate be adjourned.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. GREEN: Would you call Bill No. 64, Mr. Speaker. I wonder if one of the members

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(MR. GREEN cont'd) in the Opposition would indicate to the Leader of that Party that we're on 64.

BILL NO. 64

MR. DEPUTY SPEAKER: Bill No. 64. The Honourable Minister has 25 minutes remaining.

HON. RENE E. TOUPIN (Minister of Tourism, Recreation and Cultural Affairs) (Springfield): Mr. Speaker, in commenting again to the House in regards to Bill 64, and in awaiting the presence of the Leader of the Opposition, I would like to make a few additional points. I don't intend to make use of my total allotment of time but I believe that I attempted yesterday to indicate to members of the House what was my personal feeling in regards to Bill 64, and how I saw this bill and its contents being implemented in the Province of Manitoba.

We can ask ourselves a lot of questions. All members of the House can look at legislation and ask ourselves what this will do to the people of Manitoba. I often feel, Mr. Speaker, that the members of the Opposition often look at legislation from this side of the House and say, well is that a boogeyman? What's going to happen? But if they look at the very same legislation in Alberta, as an example, or quite similar, they don't see any boogeyman because in Alberta if we go back to the years where such a bill was presented, and where the enactment of the contents of the bill were brought to the people and helped people help themselves, it was shown as a - and brought forward to the people of Alberta - as freedom of choice, like the Liberal Party indicated at the last election. They advocated the freedom of choice to all the people of this province. They went around and it was splashed in great big - of all colours - red colours, all over their pamphlets, freedom of choice. But freedom of choice to whom? Who has the freedom of choice to pick between one mode of financing his own enterprise or another? This is really the question, Mr. Speaker, that we have to ask ourselves.

What do we mean when we talk of freedom of choice between different methods of helping ourselves? Do we mean that we should have the right as individuals to pick in the pot and say that is freedom of choice? And if we're refused by the Crown corporation, by the arms of government that are set up, to be able to pick in these pots, that we're going to say, well that's not freedom of choice. It's impossible for us to use the arms of government and we're going to set our own private enterprise.

If we look at private enterprise as it has been seen in this province for over 150 years, we can question a lot of procedures that have happened in private enterprise. Was it private enterprise for one individual? Was it for a group? And those that became, say, more wealthy than others pertaining to private enterprise, was it because of their work? Because of their enthusiastic work within society to attain, say, financial independency, or was it on the backs of people that had very little, and we actually kept the minimum wage down to the bare minimum. I can recall, Mr. Speaker, when I started to work as a youngster that the first wage I ever got was 86 cents an hour, 86 cents an hour. Now that was eight, ten--(Interjection)--Yes. Well you're a bit older than I am.--(Interjection)--Well again the Member of St. James is a bit older than I - and that was actually in the late forties. You know I'm not talking of the time of the Member for Swan River in the early twenties; I'm talking about the late forties. Eighty-six cents an hour, Mr. Speaker, and that was allowed by the then Liberal Party that we had in office. Eighty-six cents an hour. We kept them there - look at the report of my colleague, the Minister of Labour. What will the minimum wage be in the months ahead? And who is criticizing? You don't see the members of this House criticizing what is becoming a half-decent minimum wage.--(Interjection)--I didn't say that you did now. But I say that your Party back in the years of the late forties, the early fifties - you know that was one problem.

But you know sincerely, Mr. Speaker, when I talk of Liberals and when I talk of Conservatives I put them all in the same bag. They're the very same thing. Really they are, very same thing. No different. They attempt to talk--Mr. Speaker, they attempt to talk differently in this House; they attempt to relate differently in the hustings, but basically when we go back to the history of this country, over 300 years ago for my ancestors, it's been the same philosophy all the way through, the very same philosophy. And mind you, Mr. Speaker, I'm not using this Bill 64 to fight the federal election. I'm not really. I'm attempting to indicate to the people of Manitoba that back in 1969 when they said to themselves, we're going to change the direction of this province, we're going to--(Interjection)--and they have. Yes. And

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(MR. TOUPIN cont'd) obviously, Mr. Speaker, not to the satisfaction of the members of the Opposition. Why would they be satisfied of seeing a different direction, of seeing people control their own affairs. Is that being a socialist? If that, Mr. Speaker, is being a socialist, I'm proud to be a socialist, I'm very proud to be a socialist.

A MEMBER: Don't tell them that you are.

MR. TOUPIN: Because the people of Manitoba back in 1969 had enough of this scum that we had before us for the last hundred years. They said that is enough. We want changes, and have they seen changes, Mr. Speaker? Look to our publicity. Look to our pamphlets in 1969. Look through all the reports that we've put before the Leader of the Conservative Party. What did he do with them? He took them and threw them on the floor. And yet they can criticize and say, we don't get information.

But we did put our program before the people in 1969 and they like what they've seen in the last four years because we had another program in 1973, and who came back in office, Mr. Speaker? Was it the Conservatives, was it the Liberals, that we've had in this country for the last 100 years? No, Mr. Speaker. No, it wasn't the Conservatives, the Liberals - which are the same, I repeat, really they are - it was again the administration of the New Democratic Party.

MEMBERS: Hear, hear.

MR. TOUPIN: And in the four years, in the four years that we had before us from 1969 to 1973 - and I challenge any member of the Opposition, I challenge any people in the Province of Manitoba to indicate to us what was not done that we said we'd do in 1969? Nothing. Everything that we said - and they got good government, and the people that elected us in 1973 know that. Obviously the Opposition will not say that they got good government. They'd be stupid to say that because their role is to oppose; their role as an opposition is to defeat the government, and it's to one day get back to this side of the House. Mr. Speaker, God forbid, God forbid, those parties to come back on this side of the House. We'll go back to the protection of those that have much in this province to the detriment of those who have little. All we have to do, Mr. Speaker, is to look at the policies of the Conservative Party and of the Liberal Party over the last 100 years . . .

A MEMBER: They don't have any.

MR. TOUPIN: . . . and you see that the system of taxation is at all levels whether they be medicare taxes, whether they be the personal and corporate tax, they did favour those who had most in society financially; they did not favour those that are deprived financially, they did not. And there is no one member on the other side of the House that can convince the people of Manitoba of that. Isn't that worth a drink of water?

Mr. Speaker, . . .

INTRODUCTION OF GUESTS

MR. DEPUTY SPEAKER: Order please. If I can interrupt the Minister for just a moment to direct the attention of all honourable members to the gallery where we have with us 80 students from West Park School in Altona. They are under the direction of Mr. Schritt, Mr. Kuhl and Mr. Dyck, Grade 8, and they are from the constituency of the Member for Rhineland.

On behalf of all the members, I bid you welcome to the Legislature.

The Honourable Member for Tourism.

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MR. TOUPIN: Well, Mr. Speaker, if we look at the events of the last few days and even of the last few months of this session, and if we look at the calibre of the opposition that we've had in this House, you know, we can say quite assuredly that the opposition in a lot of cases in regards to constructive matters that have been brought to us, came more so from the back bench that we have here than it did from the opposition.

A MEMBER: Right.

MR. TOUPIN: It really did. And, you know, if I go back in the years, and I haven't been in politics that long, only since 1966 when I became active in what has now proven to be the best party in Canada . . .

SOME MEMBERS: Hear, hear.

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MR. TOUPIN: We had as members of the Opposition, the Honourable Minister of Labour, who was sitting on that side of the House; we had the Honourable Minister of Finance who was sitting on that side of the House; the Minister of Mines and Natural Resources, the Minister of Public Works, and a few others that are not now in this House, and, going back to 1958, naturally our good qualified leader, Mr. Schreyer, the Premier of this province.

If you look at statements that are made today, questions that are posed, you could be sure, Mr. Speaker, that these members, Liberals and Conservatives, are going back to Hansard of when Mr. Paulley was in the House and trying to get him, in a sense that, you know, they're posing similar questions. What is the matter with the people of the Opposition, Mr. Speaker? Haven't they got thoughts of their own? Can't they think of anything constructive to try and defeat this government? Can't they? Really, Mr. Speaker, they deceive me. They really do. You know, the Honourable Member for Morris indicates that this is a, you know, it's a good windmill being operated by water. Fine. One of the reasons why, Mr. Speaker, that this member, the MLA for Springfield and the Minister now of Tourism, Recreation and Cultural Affairs, has not gotten to his feet as often as he'd like to, is for the simple reason that this procedure here that we're now going through and that could last for the rest of the summer--(Interjection)--we're here for as long as we have to--is a procedure to criticize this government, is to suggest constructive matters to the people of Manitoba through the elected government; that is definitely their purpose in life in being in this session. (I'll answer a question after) . . . and the members of the Opposition have this role but obviously they don't, they're not too able, you know, to produce and come forward with these suggestions; they're not being very effective in convincing the people of Manitoba that they would be a better administration.

The other role is to have the people that we have in these two back benches here - and I'm including myself - get up in this House and talk to the people of Manitoba by means of this House; indicate to the people of Manitoba through their government, through their Cabinet, what should be done. And when we look at Bill 64, you don't see these elected people get up and say, "Well this is going to hurt the credit union movement; this is going to hurt the banking system." You haven't heard that.--(Interjection)--The credit unions say--(Interjection)--through you. Do they say it through us? Have you heard any member of this side of this House indicate, that has been involved in a credit union movement for many years, like I have, say that this is going to necessarily hurt the credit union movement? I haven't said that. No one, no one, Mr. Speaker, in the credit union movement has come to my office, here or in Springfield, and indicated to me, "Rene Toupin, I'd like you to get up in the House or to get up in caucus, to get up in Cabinet and talk against this bill." Not one of them. Not one of them. I did not even get a telegram asking me to not support this bill. --(Interjection)--Maybe they do, yes. Maybe they do. But I have worked effectively and the Member for Morris should know that if he doesn't, effectively for 10 years in the co-operative movement. And I happen to be involved in that sector that is called the Credit Union Movement, saving and credit sector of the co-operative movement. --(Interjection)--The Honourable Member for St. Boniface is attempting to put words in my mouth and he's quite able, he's proven that in the last few days that he can get up . . .

A MEMBER: That's right.

MR. TOUPIN: . . . and he can speak for himself. He can either push his ideas across, defend himself if he has to, but you know, really, that is the purpose of having a meaningful discussion in this House on all bills. I did indicate for the benefit of the Honourable Member for Riel that we are talking of Bill 64, and how this involves people, how this involves a freedom of choice, how this actually can be integrated with the interests of the so-called free enterprise system that we have in the province. And before the honourable member had his left or right ear to the attention of my few remarks, I said that it is quite easy to offer this additional freedom of choice to the people of our province. I said yesterday, Mr. Speaker, that Steinbach obviously has not been hurt by having three banks and one, well, the largest credit union, financially, in the Province of Manitoba. They have not been hurt. They would not, in my opinion, Mr. Speaker, be hurt if it was so decided one day to have a treasury branch offering similar or different services. It would benefit the people of Steinbach and surrounding areas. It would benefit the bank or the banks that are there. It could even benefit the co-operative movement, that is, the credit unions that we have, the credit union that we have in Steinbach,

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(MR. TOUPIN cont'd) Ste. Anne's, La Brocherie, South Junction, all through that area.

Mr. Speaker, in the last 15 years I've had the honour, the privilege, to travel this province, to go in practically every town and hamlet that we have in this province. Unfortunately, my previous responsibility did not ask me to spend that much time in the North but I did help start one credit union in the North. Today, unfortunately, because of lack of interest I'm told, that credit union is not doing that well. But that does not mean that alternatives should not be presented to the people that live in the North, and I indicated Thompson, Gillam, Cranberry Portage and so on.

Mr. Speaker, we have permissive legislation before us. The honourable members can, with all freedom, with all satisfaction of soul, vote for all provisions of this bill and be satisfied that all or part of the sections will be proclaimed, when it is felt advisable, by means of the elected body of the people of Manitoba. That's all we're asking. There's no conflict between the Minister of Finance and the Minister of Agriculture who's responsible for the Co-operative department of government, not whatsoever. Read the bill. It could be the same Minister, the same Minister with the same objectives in mind, helping people help themselves. That's all that we have in mind. And hopefully, and sometimes we can question that when we look at policies like we've had for the last hundred years in regards, as an example, to the delivery of health care, ensuring only one level of care for so many years. What kind of policies did these two parties - and I'm talking about the Liberals and the Conservatives - have in mind even today, after having experienced this fine administration for the last four and a half years?

Mr. Speaker, we have in Manitoba now, as all members of the House well know, the finest health delivery system in North America. They cover all six levels of care, and that is related to Bill 64, let's not kid ourselves. It's all related to what we have before us, and that is unique in North America. And who caused that to happen? Was it the Conservatives? Was it the Liberals? The Liberals, by the way, in 1952, who could have picked up and had an active part in the Greater Winnipeg Gas Company but decided not to, was it them? Not at all. Not at all. It wasn't them. It was this administration. (Applause)

We can go back to history, Mr. Speaker, we can go back to history when we talk of the people that we have in this House. We can question ourselves and ask ourselves if we can live with one another. But we can ask every member of this House who he's speaking for. Who is that person speaking for? Are we here for our personal glory? I would hope not. We're here because we have objectives. We're here because people of our constituency have told us, "We want you to sit there in the House with the few members of the opposition that you'll get in the next few years, and for its legislation and regulations that will help us solve our problems."

A MEMBER: Right.

MR. TOUPIN: That's what the people of Springfield have told me. And we're doing this, Mr. Speaker. We're doing this. Maybe not as fast as the opposition would like us to, you know, because they'd like us to really forge ahead so quickly that the people of Manitoba will say, "Well, listen, they're going a bit too fast here. Maybe we should get the Liberals back in for a year or so." They'd like that. But it's not going to happen, Mr. Speaker. It's not going to happen with the type of opposition that we've had in the last few years. And I must tell you, Mr. Speaker, and to all members of the House, that I don't intend to sit on that side of the House. No way. No way. And, you know, by the type of legislation and by the type of administration that we've seen from that side of the House for the last hundred years, my colleagues--we're going to be here for a long time. We're going to be here for a long time. (Applause) So you'd better sit back and start planning for the future. What kind of planning did we see in the past? Ask. You know, you can ask yourselves, what kind of planning did we see in CFI? Could we predict what was going to happen today in regards to CFI? You know, the Minister of Labour, the Honourable MLA for Transcona, was sitting on that side of the House when that was discussed, and that happens to be one gentleman of this House, the Dean of the House, that I like sitting with because he's a bank of knowledge. He is a bank of knowledge. (Applause) Obviously, Mr. Speaker, being a bank of knowledge of the type--(Interjection)--let me finish--being of the type, Mr. Speaker--(Interjections)--

MR. DEPUTY SPEAKER: Order please.

MR. TOUPIN: . . . a bank of knowledge being of the type that would endorse Bill 64 before us, is necessarily not the knowledge of, you know, the spring of knowledge that would be

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(MR. TOUPIN cont'd) endorsed by the Opposition. So when we mention the name of the Honourable Minister of Labour, the opposition have a tendency of wanting to sit back and laugh. But that's their way of reacting to constructive matters, Mr. Speaker. I mean every word that I say and the Minister of Labour knows that.

Now, where do we go from here? Where do we go from here? (Laughter)

A MEMBER: This is the question.

MR. TOUPIN: How do we plan, Mr. Speaker, how do we plan the future of this province by means of Bill 64? Do we plan by bringing to the surface, bringing to the floor of this House, stories written by people that the Honourable Member for Morris pointed out the other night in the House - what did he call it? The little red hen, or was it the red light study that was made in the prairies many years ago? I've read that book, Mr. Speaker. I've read more than one version of it. I think, Mr. Speaker, that we have more serious things to look at. We have problems to deal with, not to attempt to reflect personal interest like the members of the opposition have for so many years, personal interest, but to reflect the interests of the majority. And there's not one member of the opposition that can prove that we have not done that in the last four and a half years.

A MEMBER: Ask the They know.

MR. TOUPIN: Yes, that's one way, Mr. Speaker, that the Member for Morris can attempt to get his very few thoughts across the members of this House, is to talk from his chair. He'll have the opportunity to get up. He'll have the opportunity to get up and attempt to relate his ideas and his philosophy to the people of Manitoba, but obviously, Mr. Speaker, he has attempted that on this level for a few years. He's attempted that on the national level for another few years. How effective has he been? How effective has he been? He's still sitting on that side of the House, he's still sitting there and attempting, to the best of his ability, to criticize this administration.

Mr. Speaker, yes, we are people. We are fragile people. We do make mistakes. We all do, from all sides of the House. The mistakes that we do, that we have made in the past, have been related to the public. The people know that any administration that attempts to have a meaningful reform in society for the betterment of the majority of our people will make mistakes. The best way not to make mistakes is to do nothing; to sit back and be a Conservative. That's the best way not to be criticized. That is not our philosophy, Mr. Speaker. Our philosophy is to forge ahead to the best of our ability, in getting all the advice that we possibly can, and this is why on so many occasions that you see Ministers of the Crown, that you see members of the Opposition sitting back and listening, but listening to what? How can we put it down to concrete recommendations that could be endorsed by this government when they themselves could not endorse it, could not put it into effect? So many things today - and we can go back to Hansard - so many suggestions that are now being made by these so-called capable administrators that want to take this out of the House, are asking us to do things that they could have accomplished in the last 100 years. But they haven't, and now they're attempting to criticize us.

Mr. Speaker, for the few reasons that I've brought forward to this House and because I only have one minute left, and because I'd like to listen to the Leader of the Conservative Party for a few minutes, I will sit down, but before I do so I would like to encourage the more, say, well-intended members of the opposition to really read this bill, to read Bill 64, and to talk it over with people in general, not the so-called elite of society. Go down to the grass roots and talk to your people and come back and support this bill. Thank you. (Applause)

MR. DEPUTY SPEAKER: The Minister's time has expired. If there is to be a question it would have to be by leave of the House. Does the honourable member have leave? Does the Member for Fort Garry have leave to put a question? The Member for Fort Garry.

MR. SHERMAN: I thank the members of the House, Mr. Speaker. I just wanted to ask the Minister when he referred to the Honourable the Minister of Labour as a bank of knowledge whether he really meant that he was a bank of knowledge or a near bank of knowledge or a bank of near knowledge.

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

MR. TOUPIN: Mr. Speaker, the only way that I can answer this question when we talk of the Dean of this House, is to indicate that the Minister of Labour has, because he's got so much on his mind and because he has so many responsibilities, has probably forgotten more than you'll ever learn.

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

MR. SIDNEY SPIVAK, Q. C. (Leader of the Official Opposition) (River Heights): Well, Mr. Speaker, I'm happy that the procedures of the House allow me to follow the Honourable Minister of Tourism and Cultural Affairs, and I'm happy to hear his presentation and to make a comparison between his reasons for supporting this bill and the Honourable House Leader's reasons for supporting the bill, because I think the differences in position will give me an opportunity to deal in a substantive way with the problems that are involved in this bill.

Now I want the Honourable Minister of Tourism to know that I listened to him with a great deal of interest as he streaked through this House with his modesty showing. --(Interjection)-- No, because, Mr. Speaker, the interesting thing to me was the honourable member seemed to suggest that the members opposite are not going to be capable of in any way of altering or changing the government by the questions or the criticisms that we offer, yet I would suggest, Mr. Speaker, if we had the opportunity to have the Honourable Minister of Tourism and Cultural Affairs appear as he just did in front of the people of Manitoba for the next period of time, we would be assured of success in the next election. Because, Mr. Speaker, all the Honourable Minister of Tourism did was to stand up and sort of relate assertions that somehow or other what he is doing, and what the government is doing, is right because it is what the government is doing. And therefore because it is what the government is doing it has to be supported and that no criticism should be levelled or no questions should be asked.

Mr. Speaker, I want to ask the Honourable Minister of Tourism, and the members opposite, if in the remarks that were presented by the Honourable Minister of Finance in introducing this bill that there was a case made for the need for the government to enter into another business. Now I examined the remarks of the Minister of Finance; I do not find any facts, figures, supporting evidence for the case - assertions yes, but not for the case. I want to ask the Honourable Minister of Tourism whether he believes that there is an obligation on the part of the government to present a basis for the legislation, or are we to simply accept what the government does simply because they have it, they have the power to do it, and they do it.

I want to tell the Minister of Tourism that he's wrong about one thing, and if we had an election this year I think the question could be proved without a doubt. He is wrong, Mr. Speaker, when he suggests that the people of this province want the government to continue to go into one business after another. They do not want the government to go into business; they want them to stay out of business for a very good reason, for a very good reason. Because the track record of the government in business is so bad, and the losses are so huge, that the taxpayer has reached the point where he's not prepared to pay for the mismanagement, the incompetence, the inability to plan, the waste, the ineptitude, that has characterized almost every department of the government, and particularly the department that the former Minister of Health and Social Development was responsible for so many years.

A MEMBER: Hear, hear.

MR. SPIVAK: The Honourable Minister of Tourism asked whether we studied the bill. Well I wonder how many members opposite really studied the bill, and I wonder how many of them actually made the comparison with the Alberta bill that it was copied from. --(Interjection)-- Well not directly. I wonder if the Honourable Minister of Tourism knows the differences. --(Interjection)-- Oh, that's interesting, he knows the differences. Because the differences are minor, but their subject to an interpretation, which I think can be considered fairly significant if one wants to assume the worst with respect to the present government. I have to tell you, Mr. Speaker, on almost everything that has happened you have to assume the worst because the government, in its interpretations of the powers that it has, executes it in such a way as to give the widest latitude for Cabinet to be able to decide whatever they want without any reference really to the Legislature or to the people.

Mr. Speaker, we've studied the Ontario and the Alberta operations with respect to Treasury Branch; we find them very costly. We also, Mr. Speaker, believe, and this is a fear that we have right from the very beginning, that really what has happened in the operation of the Treasury Branches, and what is going to be proposed here, and what will happen will be a hidden subsidization out of the Consolidated Revenue Fund, or by the taxpayer in other words, of the operation of the Treasury Branch who's supposed to be competing with other financial institutions, both banks and credit unions. And that hidden subsidization will have the effect of providing unfair competition as the government strives as best it can to draw in as much of the

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(MR. SPIVAK cont'd) saving dollar for their own purpose. Now the hidden subsidization can occur in many ways. It can be involved in the joint ownership of office buildings, in which the Treasury Branch will operate, the use of facilities, the government - and this is not something, Mr. Speaker, that is being suggested that the government will do, this is something that I intend to indicate has been done in the other areas - in Alberta - and, Mr. Speaker, as a result of that the suggestion by the Honourable Minister of Finance in his innocuous presentation in which he said, we, you know, will be competition; you're free enterprisers, you like competition. The competition that the government is going to provide will be the kind of competition, I suggest - and there is no written guarantees in this Act against anything that I'm suggesting - so therefore I have to assume that this will be intended if the government really wants to try and draw the money in, and as I think it does, will be to slough off whatever costs they can so that hidden subsidizations can take place, so that they can compete in a way unfairly and thus accomplish an objective, and the objective is to get control of the financial institutions in this province, including the credit unions of which the Honourable Minister of Tourism --(Interjection)--Well, you know, he says it's complete hogwash.

The Minister of Mines and Natural Resources said yesterday, you know, what is happening we are bringing forward the children, we are trying to get the children in front of the line of battle. That's what happened with the insurance agents in the fight with auto insurance and the suggestion is that the Honourable Minister of Tourism hasn't been contacted by the credit union movement, and that in effect, you know, what is happening is really a paper attack on the government with no substantive position on the part, or no basis for the representations that have been in the House, and that somehow or other it's been engendered by the Opposition.

But, Mr. Speaker, I want to quote for the benefit of the government the Annual Report of the Co-operative Credit Society of Manitoba. And my understanding is that this was published and came out on February of 1974. And what does it say in its forward: "Financial facility, bank committee. In last year's annual report we ended by saying, 'We are confident that if we are successful in chartering a bank the Provincial Government will review its approach regarding treasury branches.' We have come quite a way in our effort to have a western bank chartered but at this point in time we are not sure where we stand on treasury branches as far as the Provincial Government is concerned. During the year as we could obtain the consent of the other organizations involved in the bank committee, we have released progress information to the delegates. Perhaps it would still be appropriate to summarize the year in regards to the chartering of a western bank. Before that though we wish to project some thoughts and concepts relative to the entire approach."

Mr. Speaker, the fear of the government entering into the treasury branches was expressed by the credit union movement prior to any statements being made by any of the members here in this House, and that fear was expressed in a proposal and a submission made to the government at the beginning of May which was acknowledged by the First Minister, which was not acknowledged by the Minister of Finance, because they're hell bent on going into the banking business one way or the other to get their hands on the money to be able to apply it for the purposes as they see fit.

Now, Mr. Speaker, if we examine what took place in Alberta and in Ontario - and the situations are different, and the Honourable Minister of Finance pointed that out - we have to recognize that the reasons historically for the development are very different for the justification today. I'm suggesting to you, Mr. Speaker, that there has been no justification, no basis for this legislation or for persuading the members opposite to vote for this legislation that has been presented by the government. You know, there is an inherent belief that somehow or other because the members opposite control the government and have the power that they can execute whatever they want without any justification on the basis of their assumptions and their prejudices and their information, you know, not the understanding but their impression. You know, because the intellectual level of the remarks of the Honourable Minister of Cultural Affairs - it was amusing and I think everyone applauded, they were happy to hear him speak his mind in such a forthright way; I think we would have been happy to have him had a saliva test, but that's beside the point. Mr. Speaker, the fact is that if you examine - if you examine his remarks, if you examine his presentation, if you examine the content of what he said, I want you to indicate to me where he presented any basis, any logical reason, any information, any statistical data that would support a position that the government should enter into this

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(MR. SPIVAK cont'd) business. He says he's familiar with the credit unions.

--(Interjection)--Yes.

MR. DEPUTY SPEAKER: The Minister of Tourism.

MR. TOUPIN: Mr. Speaker, would the Leader of the Conservative Party not agree the role of the Opposition is to convince the government to drop the legislation that they feel is wrong, and not necessarily the role of the majority elected government to convince the members of the Opposition to vote for a bill presented by a Cabinet Minister?

MR. SPIVAK: There's a very fundamental difference, if the Honourable Minister believes that. And I'd like to refer to the remarks of the Honourable Minister of Finance when he presented the bill. And I'm quoting, and he said, "I don't intend to take too much time of this House at this date in introducing this bill. I think there will probably be some debate and that I will be in a position to respond after I will have heard comments of the members of the House in regard to the principle in the bill before us." All right. Well I don't believe that the government has that kind of mandate to simply come in and say, here's a bill, you question us, you give us your arguments, we'll respond. I think that the government has an obligation to the people of this province, and it addresses itself to this Legislature to persuade both the Opposition and the people that the legislation that they are introducing is based on sound planning, on sound reasoning, with facts that support the position, which in fact will result in something better than what we had before.

Now what we have got to express in the remarks of the Minister of Finance, and I've gone through his remarks, there's nothing. What do we have with respect to the remarks that you presented? Nothing. What have we got with respect to the Honourable Minister of Mines and Natural Resources? Well, his position is that in this way there will be a greater public involvement, and insofar as he's concerned in every situation if he has to opt, he'll opt for greater public involvement, and in this way there will be a greater control by the people over the funds. But before we do that, it also is a question of what we are going to destroy in the course of what we are doing. And I suggest to you that those who have the fear, those who have a fear of the actions that the government has taken, both in preventing the credit unions from forming the banks that they have been working towards - and that's expressed in their own report - those are not words of the members opposite who are supposed to be putting the credit union members in front like little children to represent our ideological position. And those in the credit union movement have fear of the unfair competition that will exist, have got to look at the government's own action, and it's related to its words. The Minister of Finance says, well we're interested in competition, you know, we are interested because you're free enterprisers, we know there's a profit, we'll compete. And the isolated communities, the remote communities and the communities that are not serviced will be better off.

Well, Mr. Speaker, all we have to do is look at what the government did in the case of Leaf Rapids - government controlled, allowed one bank; when another bank wanted to go in, said no. Did the government allow the kind of competition in Leaf Rapids that they're now talking about that they want to enter in with the credit unions? Well I want to ask the Honourable Minister, why do they stop another bank from going in and competing? Why do they make the judgment that it wasn't in the interests of the community to have another bank for competition? You know, you can't have it both ways. You can't have it both ways. You pleaded with the credit unions to go in, and the credit unions said that there was no basis on which to go in - but the banks wanted to go in. --(Interjection)--Yes, but another bank wanted to go in, and you prevented it from going in. And now you say--(Interjection)--Yes, you did. And if the Honourable Member from Point Douglas does not believe me, he better start asking his Ministers because he doesn't know what he's talking about. --(Interjection)--Yes, well I think I know what I'm talking about.

Let's look now with respect to the growth of the credit union movement here in the province and, as I say, this has to relate to the justification that has to be presented with respect to their involvement. In 1971, the credit union had on deposit \$225 million; in 1972 it had \$299 million; in 1973 it had \$400 million. The increase in its deposits from 1970 to 1971 was 25 percent; in 1971-72 it was 33 percent; from 1972 to 1973 it was 34 percent. That's pretty substantial and, if anything, that growth is indicative of a success and an acceptance which, Mr. Speaker, I would have believed that the New Democratic Party, who are the successors to the CCF Party, would have accepted as being consistent with the principles and the positions

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(MR. SPIVAK cont'd) that they expressed as a Party so many years ago, and would have been prepared to have encouraged in every possible way.

Now, during the election, the Honourable First Minister made a number of statements with respect to the banking business, and he gave the impression that he was prepared to encourage the credit unions in their application for a bank and the expansion of the credit union movement, and it was implied in the remarks that he made that somehow or other the government, by its entry into the banking business if a regional bank was allowed, or a treasury bank system if a regional bank was not allowed, that somehow or other they were going to be in a position to affect interest rates and to bring something better to the communities than they had before. I am paraphrasing at this particular time, Mr. Speaker, but I think it can be documented from the actual words that were used, and I think it was implied that somehow or other the government would be in a better position to offer money than a bank. --(Interjection)--Well marginally better. Well, Mr. Speaker, I have indicated that in Alberta there is a hidden subsidization and I'm going to prove that, I'm going to indicate that. A hidden --(Interjection)--Well, I will. There's a hidden subsidization. That the only way that the government could possibly offer rates of interest which would either be competitive or less than the rates of interest offered by banks, would be on the assumption that they did not want to make a profit or on the other assumption that there is a hidden subsidization. But when you say that, you know, you don't want to make a profit, then it concerns me. It concerns me because really that's not what the Honourable Minister of Finance said. He said that the reason the credit unions are going into this business is because there's a profit, and they have indicated that to him, or some particular person indicated to him, and the banks have made a profit and it's a profitable business and therefore the government will make the profit, and the people will share. But again I say, Mr. Speaker, all one has to do is look at the track record of the government's involvement to recognize that they have not made a profit in anything they've touched.

What I am suggesting, Mr. Speaker, is that the kind of impression that may be levelled at this point, or may be suggested, that somehow or other the government is going to be in a position to offer something better than either the credit unions or the banks, cannot be supported by any kind of study or documentation that the government could produce. The fact is that treasury branches are an expensive way of operating, a branch banking system is an expensive way, and therefore it has been unable to compete with the credit unions, that unless there is going to be a hidden subsidization with respect to this operation, the government is not going to be in that position. And if we are talking of the isolated remote communities, if we are talking about those communities that are not serviced today by either a bank or a credit union or do not have that competition, then, Mr. Speaker, the First Minister is aware, and should have been, from the presentation that was made to him three or four weeks ago, that the credit union's presentation to you of May 6th - which you did not acknowledge but was forwarded to you - that in that presentation there was an indication, Mr. Speaker, of their preparedness to assist in those isolated communities in the development of a credit union where they would provide the managerial competence and staff to assist the government, or for the government to assist them, in trying to carry out the function in those communities that are not serviced. And, Mr. Speaker, if we were to take a map, if we were to take a map and to indicate on the map what areas we're talking about, what areas are not serviced in terms of communities, we would not have very many.

And so, Mr. Speaker, the result is, as I indicated before, an argument that would persuade us to support the government has not been presented. As a matter of fact it's almost a casual cavalier attitude on the part of the government, in which they've basically said, "Here's the bill which we have copied from Alberta with some changes that will give us greater flexibility and maybe less control and more government regulation, government power and, having said that, now we want you to give us legislation." And they have the gall to suggest that we're giving them permissive legislation, which would suggest, Mr. Speaker, that maybe they're not going to proceed with this. I mean, the references by the Honourable Minister of Tourism that, you know, this is permissive legislation. Every bit of legislation is permissive, but does anyone think that they're not going to proceed? The argument--sure you're going to proceed. So then why say that you're getting permissive legislation? You're going into the treasury branch business. Every bit of legislation is permissive. --(Interjection)--

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(MR. SPIVAK cont'd) Yes, but let's be honest about it. Don't start to give the impression that somehow or other this is being postponed for another day. I mean really, at this point, you're being intellectually dishonest, you're being immoral in the way you . . .

MR. ENNS: I said just for a year until they get their buildings up or until they get them rented or things like that. Six months.

A MEMBER: . . . referring to the remarks of the Minister of Tourism.

MR. SPIVAK: Now let me refer to the remarks of the Minister of Tourism. He says, "Meanwhile, over some years we have been studying the treasury branch system which exists in the Province of Alberta and the Province of Ontario, with a view to seeing whether or not it could be a useful function for the citizens of Manitoba in their banking needs and uses within the Province of Manitoba." Okay? "The branches in each of the two provinces I've mentioned operate somewhat differently, and we have yet to study the detailed differences to determine the role which our treasury branches would follow."

Well, Mr. Speaker, if they had really truly studied the treasury branches system of Alberta and Ontario, the detailed differences that he's talking about would have been able to have been spelled out here, and the role which the treasury branch would follow here would be understood.

The government goes on and the Minister of Finance mentions that they're going to set up a task force to see how this should be handled. You know, Mr. Speaker, they want legislation from us to give them authority to determine what they then will do, and then to be able to implement it without ever coming back to us. Well, I want to go back to the role that we see in opposition, the role we see in government. They had an obligation and still have an obligation to present to this House persuasive arguments as to why they should enter into this business. Secondly, to indicate the differences between the two operations and the way in which the government intends to operate, and to give us an opportunity to be able to debate that. And they haven't done that, Mr. Speaker. What they have done is said, "We've studied it but we haven't studied it enough." But on the other hand we should trust them, give them the legislation, and allow them to put it into operation.

Well, Mr. Speaker, I don't think that that is the way in this matter or in other matters we should operate. I don't think that we should essentially accept their ability to be able to handle it in a way that will be beneficial to the people; and secondly, based again on the track record of the government, I don't think that we should be given an option which is only to accept that they will then study the matter rather than suggest to them that they have an obligation to bring in a bill which would contain the details.

In the statement of the Minister of Finance he says the following, and I'll try and make this point before we close for lunch: "It could also ensure that the savings as well as the profits earned on the savings of Manitobans are invested in the Manitoba economy and are not shifted elsewhere, be it to another part of Canada or to the world at large. Under the treasury branch system these profits would be retained in Manitoba." Well, let's talk about savings, Mr. Speaker. In 1972, the loans of the chartered banks in this province exceeded the deposits by \$205 million. Now let's go over this. In 1972 the loans of the chartered banks in this province exceeded the deposits by \$205 million.

MR. CHERNIACK: Do you believe that?

MR. SPIVAK: With respect to the profits, with respect to the profits . . .

MR. CHERNIACK: May I see the breakdown?

MR. SPIVAK: Well I looked at the Honourable Minister of Mines and Natural Resources' presentation or the statements that had been made before with respect to this item, and my suggestion is that there is an obligation on the part of the Minister of Finance to have presented his case.

MR. CHERNIACK: He took that out of the bank statement.

MR. SPIVAK: Well, you know, Mr. Speaker, we have a funny situation. The government says we're going to introduce the legislation--sit down . . .

MR. DEPUTY SPEAKER: The Honourable House Leader on a point of order.

MR. GREEN: Yes, Mr. Speaker. The honourable member has attributed to me statements. . .

MR. SPIVAK: I never attributed them to you at all.

MR. GREEN: You just said the Minister of Mines and Resources. You did say that. Okay.

MR. DEPUTY SPEAKER: Order please. The hour of adjournment having arrived, the House is now adjourned and stands adjourned until 2:30 this afternoon.