

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Monday, April 14, 1975

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 55 students of Grades 5 and 6 standing of the Niakwa Place School. These students are under the direction of Mr. Stobbe and Mrs. Morris. This school is located in the constituency of the Honourable Member for Riel.

On behalf of all the honourable members, I welcome you here this afternoon.

Presenting Petitions: The Honourable Member for Gimli.

PRESENTING PETITIONS

MR. JOHN C. GOTTFRIED (Gimli): On behalf of the Honourable Member for St. Johns, I beg to present the petition of the Investigators Group praying for the passing of an Act to amend an Act to Incorporate the Investors Group.

MR. SPEAKER: Thank you. Reading and Receiving Petitions.

READING AND RECEIVING PETITIONS

MR. CLERK: The Petition of Susan Thiessen, praying for the passing of an Act for the Relief of Susan Thiessen.

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

TABLING OF REPORTS

HON. J. R. (BUD) BOYCE (Minister for Corrections and Rehabilitation)(Winnipeg Centre): Mr. Speaker, I wish to table the Report of the Alcoholism Foundation for the year ending 1973.

MR. SPEAKER: The Honourable Attorney-General.

HON. HOWARD PAWLEY (Attorney-General)(Selkirk): Mr. Speaker, I beg to table the Third Annual Report of the Manitoba Police Commission.

MR. SPEAKER: The Honourable Minister of Mines.

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management)(Inkster): Mr. Speaker, I believe that there is some desire to hold the Municipal Affairs Committee tomorrow morning at 10 o'clock to consider the Brandon legislation relating to a golf course. Now, there is not much notice, but I understand that it is only the Brandon people who are interested in the bill and therefore we are prepared to have the Committee meet at 10 o'clock tomorrow. We would also hope that Public Utilities could meet tomorrow because I don't think that the Municipal Affairs Committee would take very long, and that we could consider the Telephone Report, but I'm not firm on that as yet. But can we have Municipal Affairs at 10 o'clock and if necessary, or if available, Telephones at, let's say 10:15?

MR. SPEAKER: Agreed? (Agreed) Thank you.

Notices of Motions. Introduction of Bills. The Honourable Minister of Labour.

INTRODUCTION OF BILLS

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona) introduced Bill No. 31, The Public Servants Insurance Act. (Recommended by His Honour the Lieutenant-Governor).

ORAL QUESTIONS

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

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition)(River Heights): Mr. Speaker, my question is to the First Minister and it relates to the hydro contract of Brown-Boveri of \$86.7 million that was announced by the Chairman of Hydro at the Public Utilities meeting. I wonder if he can indicate whether at the time of the announcement by the Chairman to the members of the Committee the government was aware that the Federal Government would not finance half of the cost.

MR. SPEAKER: The Honourable First Minister.

ORAL QUESTIONS

HON. EDWARD SCHREYER (Premier)(Rossmere): Yes, Mr. Speaker, I think that was indicated at the Committee.

MR. SPIVAK: Had there been communications with the government that they would not finance it because of the lack of Canadian content in the contract?

MR. SCHREYER: No, I don't believe that's the reason, Mr. Speaker.

MR. SPIVAK: Well I'll try and frame it another way. The Minister of Energy, the federal Minister of Energy, has announced that the Canadian content not being sufficient, that the Federal Government had not been prepared to finance it. Is the position of the Minister, the federal Energy Minister, not correct with respect to Manitoba?

MR. SCHREYER: Well, Mr. Speaker, I think it's a misinterpretation of the statement by the federal Minister and also of the guidelines which lie at the foundation of the federal program of loan financing on long distance and high voltage transmission. I'm quite prepared to table the guidelines. Canadian content is not one of the over-riding considerations. There are a number of other points.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the First Minister and refers to a question put in his absence to the Honourable the Attorney-General. I wonder if, in view of recent apparent differences in respect to the information on the contracts if the Address for Papers - which was presented last Monday - might be expedited so that we would have the correspondence.

MR. SCHREYER: Well, Mr. Speaker, I've asked staff to make the necessary inquiries with the Government of Canada so as to expedite the tabling of the material.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I want to ask the First Minister, on the same topic, whether or not it wasn't a requirement of the Federal Government's assistance in the financing of these projects that they be part and parcel of the initial tenders that were issued so that they could scrutinize them before going out.

MR. SCHREYER: Mr. Speaker, I don't know if the Honourable Member for Riel is aware that there was no federal program confirmed until the end of the calendar year 1974, towards the very end of last year. What was announced as an intent earlier in 1974 was subject to further discussion and negotiation. There was no confirmation until the last month, the month of December 1974, by which time the specifications and the calling of tenders had to be carried out considerably in advance of that.

MR. CRAIK: Can we conclude then, Mr. Speaker - a subsequent question - that the Federal Government is not taking the position that in order to subsidize the interest rates that they had to be part and parcel of the issuing of the tender, at least as far as scrutinizing the tenders.

MR. SCHREYER: Well, Mr. Speaker, we believe, for our part, that there is a position of bad faith, for that matter, on the part of the Government of Canada in the sense that there is provision in the guidelines with respect to this kind of financing, that the evaluation of bids be carried out by an independent outside consultant acceptable to both jurisdictions, federal and provincial, and in fact, sir, that is precisely what was done and the consulting engineers that did the evaluation have always been acceptable in the past insofar as both Canada and Manitoba are concerned, and those self-same consulting engineers did give advice that the Brown-Boveri proposal and the equipment involved was technically and engineeringly acceptable in every respect and that the relative price was as has been suggested to the Committee by Mr. Bateman.

MR. CRAIK: Mr. Speaker, I want to ask the First Minister on the same topic whether or not the contract with Brown-Boveri was not altered, in deference to the normal tendering system, by adding over \$2 million if Brown-Boveri were to have their transformers made in Manitoba.

MR. SCHREYER: That's a technical matter, Mr. Speaker, which I'm not prepared to deny nor am I certainly prepared to accept it. I believe that that was put to Mr. Bateman at the Committee hearing, but in any event I'll be quite happy to check further with him at this time.

MR. CRAIK: Mr. Speaker, on that question, I don't believe a question was put to Mr. Bateman, but in light of the fact that Brown-Boveri in fact did have two tenders . . .

ORAL QUESTIONS

MR. SPEAKER: Question please.

MR. CRAIK: I think that, Mr. Speaker, then my question is whether or not at the Public Utilities meeting tomorrow, in spite of the fact the Hydro report has been completed, whether or not Mr. Bateman could be recalled before the Public Utilities tomorrow to answer the more definitive questions that have arisen in the last week.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: No, Mr. Speaker, that's not a precedent I would care to start, but I will be happy to get the information and to get it in Mr. Bateman's own words.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the Minister of Mines and Natural Resources. I wonder if he can indicate when the Manitoba Government was informed of the 16 mile blob of water lacking oxygen coming down the Red River.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I believe that the data was obtained on Friday, or at least that the finding was made on Friday. I was first advised of this by the Minister of Co-operatives in a rather general way, who referred to ice, oxygen deficiency ice, on Monday evening and I was advised of it by my department more formally on Tuesday morning, and I do not yet have a full report on it.

MR. SPIVAK: Well, I wonder if he can confirm . . . Well, I really would be interested in his explanation to the Legislature of the procedures that would follow whence the International Joint Commission are informed of something such as what has occurred, as to the communication that takes place from them to the Manitoba government in terms of timing and in terms of any . . .

MR. SPEAKER: Order please. I think an explanation of that type would be better under the Estimates where there's more room. The Honourable Minister of Mines, briefly.

MR. GREEN: I would like to answer the question. My knowledge is that we were not advised by the International Joint Commission that it was our tester that discovered it and then informed the United States authorities and possibly International Joint Commission, but I will find out for my honourable friend when I have a full report as to just what the procedures are. I know that we are looking into it and we are also examining all and any possibilities that we have for action in this connection.

MR. SPIVAK: A supplementary. I then would ask the Minister, and I don't believe that he can answer this but in the information that would be obtained by him, to determine whether the International Joint Commission were in fact informed two weeks ago that this was going to occur. I wonder if he can indicate what damage the government estimates has taken place.

MR. GREEN: I've indicated we are examining the damage. I'll certainly look into the other question that has been indicated to me. That's not my information. My information is that the first that we heard was some time last Friday.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Thank you, Mr. Speaker. I direct a question, Mr. Speaker, to the Honourable Minister of Health and Social Development. Last week, Mr. Speaker, the Minister responded to an urgent telegram on the part of the federal Immigration Minister requesting the government's assistance in the program of help for Vietnamese orphans, and he indicated to the House that . . .

MR. SPEAKER: Question please.

MR. ENNS: . . . that that is what he was doing. My question, Mr. Speaker, to the Minister is, is that still the position of the department in his government in spite of the other position as taken by his party over the weekend?

MR. SPEAKER: Order please. Order please. The question is argumentative, out of order. The honourable member wish to rephrase it?

MR. ENNS: The question: is the Manitoba Government prepared to help out in the placement of the Vietnamese orphan children as requested by the Federal Government last week?

MR. SPEAKER: The Honourable Minister of Health.

HON. LAURENT L. DESJARDINS (Minister of Health and Social Development) (St. Boniface): Mr. Speaker, the request was for those who had already started procedure for adoption, and we certainly agree there's no change there at all, and further, I added a paragraph that we were ready to discuss with them helping any children anywhere in the world who are in need, and that's still our policy, Mr. Speaker.

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MR. ENNS: Well just for further and final clarification then, then it is the Minister's position that it is not some kind of a dastardly kidnapping act to extend this help to these unfortunate orphans.

MR. SPEAKER: Order please. The Honourable Minister. Order please.

MR. DESJARDINS: Mr. Speaker, if my honourable friend wants the answer, I think he should wait until I give him the answer, and I'm not going to be sucked in in this kind of a debate. As far as I'm concerned --(Interjection)-- Do you know the answer? Do you want the answer?

MR. SPEAKER: Order please. We may as well discontinue this exchange. Any other questions? The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question for the Minister of Public Works. In view of the statement by the Minister that there would be a structure built next to the Convention Centre, can the Minister indicate to the House what kind of a structure will be built and related to the Convention Centre?

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL DOERN (Minister of Public Works)(Elmwood): Well, Mr. Speaker, there was a proposal that the province construct a parking structure adjacent to the Convention Centre, but that was deferred.

MR. PATRICK: A supplementary. Can the Minister indicate to the House if it was just deferred recently because his news release indicated just last week that it would proceed? I wonder if the Minister can indicate how can it be related to the Convention Centre and what kind of a structure. Was it parking for government employees or was it additional parking for the Convention Centre?

MR. DOERN: Mr. Speaker, I'm not sure what press release, news release the member is referring to. There is a requirement for parking on the part of the government and there was a proposal that a facility be built for government employees that could also be available after hours to the public and in that way would complement the Convention Centre, but there was no decision taken at this time to proceed.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Speaker. I direct my question to the Minister of Manitoba Development Corporation, and I wonder if he would inform the House whether Columbia Forest Products at Sprague has been sold to four individuals from the Sprague area.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I am of the opinion that things have been concluded but I'm not certain. That is my verbal advice. There will be a formal announcement as soon as it can be formally made.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BANMAN: A further question to the Minister. Would the Minister advise the House if the timber rights have been sold along with that agreement?

MR. SPEAKER: The Honourable Minister.

MR. GREEN: Well, Mr. Speaker, timber rights are not sold. What occurs is the department negotiates timber rights with a person who is in a position to utilize them in the province. I believe that timber rights were being negotiated between the purchasers and the department, that portion of the government which is administered by my honourable friend the Member for Rupertsland.

MR. SPEAKER: The Honourable Member for Arthur. The Honourable Member for La Verendrye, one more.

MR. BANMAN: A final supplementary, Mr. Speaker. Would the Minister advise if the 1980 deadline for timber rights is part of the negotiation, or have these people that have purchased the plant received an extension on that timber right?

MR. GREEN: Well, Mr. Speaker, I would have to correct my previous statements. Timber rights are sold by private people, one to the other, at huge profits, something which the Government of Manitoba would be just blasted out of the sky if they did, but they are done by private individuals. With regard to the length of the timber rights that the plant is getting, I'm not certain.

MR. BANMAN: I wonder if the Minister would then take that question as notice and

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(MR. BANMAN cont'd) . . . provide the House with that information please.

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, I address a question to the Honourable Minister of Mines and Natural Resources, who I think is responsible for water control. I wonder if the Minister could say if there are any steps being taken in the case of flooding on the Souris Valley insofar as rubbish and clutter that block up the bridge, which really do a great deal of damage insofar as draining water through the Souris Valley.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, normal flood precautions would be taken, and if the honourable member is aware of any situations that he believes we should be apprised of, if he will make them known to the department, as other people sometimes do, I'm sure that they will be dealt with.

With regard to Public Utilities Committee, Mr. Speaker, it's now confirmed that a meeting can be held tomorrow immediately after the meeting of Municipal Affairs Committee.

MR. WATT: A further question to the Minister. In his Flood Report, he indicated last week, I think it was, that the Town of Reston or the Village of Reston would be flooded. I wonder if he's aware that if the Village of Reston is flooded, that my farm will be 75 feet under water.

MR. SPEAKER: Order please. The Minister's awareness of a flooding of a farm is not essential to the procedures of this House. The Honourable Minister in charge of the Public Insurance Corporation.

HON. BILLIE URUSKI (Minister for Manitoba Public Insurance Corporation)(St. George): Thank you, Mr. Speaker. The Honourable Member for Minnedosa placed a question to me some time ago concerning the insurance validity when school children are transported in converted half ton trucks insofar as a deadline given by the Corporation. There has been no deadline of June 30, 1975 issued, quoted by the Member from Minnedosa, no deadline has been given. But I might indicate to the honourable member that the Corporation has been considering this matter for quite some time and have advised the Transportation Department of the Department of Education that although carriage of school children in these half ton trucks is a breach of our regulations, that this breach will be waived until December 31, 1976, which will provide the school divisions with ample time to provide a more desirable mode of transportation for the children in those areas.

Now, as well, he asked a question with respect to insurance coverage if more than three passengers are carried in a pickup with a camper unit on it. I might indicate to him that a truck equipped with a camper unit would be considered a passenger type vehicle by the courts and the normal insurance restriction as to the number of passengers carried in a commercial vehicle would not apply. I might indicate, though, that the Section 171 of the Highway Traffic Act prohibits the carriage of passengers in a house trailer while it is being towed on a highway, but no such restriction applies to camper units on a half ton truck.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L.R. (BUD) SHERMAN (Fort Garry): Thank you, Mr. Speaker. My question is to the Honourable the First Minister. I would like to ask him whether he will be refining further his position on wage and price controls and whether he'll be meeting further with representatives of the labour movement on this subject.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, pursuant to the meeting which took place in Ottawa last week, there is intention to proceed further to try - I emphasize "to try" - to formulate some realistic guidelines for restraint in prices, profits, wages and salaries, dividends, etc., and this is being worked on in the course of the next 30 to 60 days nationwide. We intend to play our part in terms of trying to help make this work. In the interval, meetings will take place and have indeed already taken place in the course of recent weeks, with people representative in one sense or another of certain sectors in our economy.

MR. SHERMAN: A supplementary, Mr. Speaker. I thank the First Minister for his information. I would like to ask him whether his position indicates that there are certain segments of the economy in the community, such as the labour movement for one, that will not be expected to participate or contributed to the same extent in this search for a solution as some other segments.

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MR. SCHREYER: Well, Mr. Speaker, I don't know where the honourable member draws that inference or impression. For this kind of policy to work in Canada requires the involvement of all major sectors in the economy. Certainly it involves those responsible for formulating salary and wage requests, those responsible for operation of industry, corporate industry and the like. There is no expectation that this concept of restraints will work if there is no effort made to involve all these important segments of our economy.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Can the Minister inform the House whether he has received any complaints or is planning to investigate an apparent case of misleading advertising arising out of the four dollar charge to children to gain admission to the Autorama Show and a dollar charge to gain the autograph of Batman, which was not included in the very excessive advertising for children for that particular program?

MR. SPEAKER: The Honourable Minister.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services) (Osborne): I am not at the moment, nor is my staff, investigating this particular charge because it has not been brought formally to my attention, but now that the Member for Fort Rouge has done that, I will have the Green Hornet check on Batman.

MR. AXWORTHY: A supplementary, Mr. Speaker, Does the Minister and his staff of other comic characters monitor these proceedings where there is a possibility of a ripoff for young children in this kind of advertising? Is this a common practice for your department?

MR. TURNBULL: Mr. Speaker, if there had been children who had brought this particular complaint to my attention, it would have been investigated by investigators and not comic characters.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I have a question for the Minister of Urban Affairs. I wonder if the Minister can indicate to the House if an agreement has been reached between the province and the City of Winnipeg regarding revenue sharing.

MR. SPEAKER: The Honourable Minister of Urban Affairs.

HON. SAUL A. MILLER (Minister for Urban Affairs) (Seven Oaks): No, Mr. Speaker, I would hardly use the term "agreement". The city and the province met this morning to discuss points of view.

MR. PATRICK: A supplementary. Did the province offer to increase the property tax credit to homeowners and renters, Mr. Speaker?

MR. MILLER: Mr. Speaker, that was not even mentioned.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the First Minister in his capacity as Minister of Finance. I wonder if he can indicate when the government intends to proclaim the Treasury Branches Act.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, colleagues are answering for me. It could go on the record as merely clarified and repeated "in due course."

MR. SPIVAK: Is it the intention of the government to commence the operation of treasury branches in this calendar year?

MR. SCHREYER: Well, Mr. Speaker, as the Leader of the Opposition knows, there are some relatively important applications before the Government of Canada and the Parliament of Canada with respect to the chartering of a possible commercial bank in and for this region, in which the credit unions would be substantially involved. When we have further indication of intent in that regard, it will help to formulate in our minds the extent of the establishment of treasury branches in Manitoba.

MR. SPIVAK: I thank the First Minister for his answer. I ask, then, are there considerations that could take place with respect to the applications that are taking place which would warrant the government withdrawing its position of entering into the treasury branch field?

MR. SCHREYER: Mr. Speaker, we introduced that legislation last year. I think it was important that the principle be established in law, in statutory form, that the province is authorized to proceed with treasury branches if and when the circumstances for so doing are warranted in the opinion of the Lieutenant-Governor-in-Council. The legislation was debated

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(MR. SCHREYER cont'd) . . . in this House and passed. There is no point whatsoever. The public interest is not served by deleting legislation that's just been put on the statute book. It may well come in as very much needed in the months and years ahead.

MR. SPIVAK: Well I wonder if the First Minister would be prepared to tell the members of the Legislature - and I don't mean by answering the question now - the principles under which the Treasury Branches Act would in fact be proclaimed and operated. What principles would motivate the government to follow the Act of this Legislature?

MR. SCHREYER: Mr. Speaker, I would be quite prepared to discuss this at some length, but as a starter I would suggest to the Leader of the Opposition that he read the speech made by my colleague, the then Minister of Finance, at the time when the legislation was introduced and by certain of my other colleagues as they spoke to the same bill. And having read that, it would then, I think, be more fruitful to debate further the pros and cons of having legislation on the books that authorizes the province on behalf of the people of Manitoba to establish treasury branches here and there and from time to time as required.

STATEMENT - SPORTS

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. DAVID BLAKE (Minnedosa): Thank you, Mr. Speaker. I would like leave of the House to make a short statement of a non-political nature. I might point out to the members from the City, hockey championships don't seem to come too rapidly to the city but we still have a lot of good hockey players in the rural areas, and the Minnedosa Bombers a week ago were successful in defeating the Leaf Rapids team 17-3 and 13-3 to acquire the Intermediate B Championship for the Province of Manitoba

COMMITTEE SUBSTITUTIONS

MR. SPEAKER: The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I would like to make a substitution on the Public Utilities Committee. Substitute the name of the Honourable Member for Flin Flon for that of the First Minister. (Agreed)

ORAL QUESTIONS cont'd

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I have a question for the Honourable Attorney-General. I wonder if the Honourable Attorney-General can advise the House if he's considering, or the department's considering, review of the hearing fees of the Justice of the Peace in Manitoba?

MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY: Not this year, Mr. Speaker.

MR. MCKENZIE: A supplementary question. Mr. Speaker, to ask the Attorney-General. Were these not reviewed since 1942? Is it that far back? I'm advised it is, but I . . .

MR. PAWLEY: Mr. Speaker, it's been quite some time since the fees of Justices of the Peace have been reviewed. I don't really consider, though, that at the present time, particularly in our efforts elsewhere to restrain additional costs, that this would be the propitious time to increase those fees.

ORDERS OF THE DAY - ORDERS FOR RETURN

MR. SPEAKER: Orders of the Day. Orders for Return. The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Speaker, I beg to move, seconded by the Honourable Member for La Verendrye, that an Order of the House do issue for a Return showing:

1. the number of tenders received on or before February 25th, 1975, by the purchasing department of the Minister of Public Works for the purchase of 198 school buses;
2. the date each tender was received;
3. the amount of each tender;
4. the name of the successful bidder;
5. the makes, models and number of each of the various chassis to be used.

ORDERS FOR RETURN

MOTION presented.

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education)(Burrows): Mr. Chairman, we can accept the Order for Return but if I may have a question answered for clarification: Does the honourable member wish this information only with respect to the call for tenders in the year 1975 or also for previous years?

MR. GRAHAM: For the year 1975.

QUESTION put, MOTION carried.

GOVERNMENT BILLS

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Yes, Mr. Speaker, I'd like to proceed with Bill No. 16.

BILL NO 16 - THE METALLIC MINERALS ROYALTY ACT

MR. SPEAKER: The Honourable Minister of Mines, Bill No. 16.

HON. SIDNEY GREEN (Minister of Mines, Resources and Environmental Management) (Inkster) presented Bill No. 16, The Metallic Minerals Royalty Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, on March 21, 1974, just a little over a year ago, this government gave a statement regarding its mineral policy, which followed, Mr. Speaker, as some members may recall, extensive research of the mineral policy in the Province of Manitoba, first of all given by Dr. Eric Kierans, who provided this government with the document popularly referred to as the Kierans Report, and this was followed by an in-House Task Force which dealt with the proposals of the Kierans Report and submitted recommendations to the government with respect to those portions of the report, that philosophy of the report which it was practical to commence to implement. And since that time, Mr. Speaker, and indeed prior to that time, the government had been making various changes with regard to mineral policy in the Province of Manitoba in the direction indicated by the Kierans Report as it referred to the existence of a mineral exploration corporation to give the province a capacity in the area of mineral exploration and development, and with respect to taxation.

The taxation policy was announced last year in the Manitoba Legislature and I'll be dealing with it very shortly. In addition to the taxation policy, there was also announced early in January of 1975 a policy with respect to the public participation in mineral exploration and development as indicated by new regulations which were passed by the Lieutenant-Governor-in-Council. So I would like to emphasize, Mr. Speaker, after commencement of my remarks, that the taxation program is merely part of an integrated mineral policy. I further go on record, Mr. Speaker, to say what I have said on numerous other occasions, that a taxation program which is not part of an integrated government policy or public policy with respect to participation in mineral exploration and development, is a program which cannot retain its integrity; that if one relies solely on the basis of taxation, then one would be continually in the position of the government levying taxes with the insecurity that these taxes would have adverse effect on the industry.

Mr. Speaker, what I am saying is not hypothetical. In the years 1965 to 1969 approximately, I would say that every Government in Canada, including the Federal Government and the provincial governments, were caught up in a policy of incentives, concessions and competition to lure mining to their respective jurisdictions on the basis of making it as easy as possible for the mining companies to participate in the industrial development of a province. And I am not going to, in my remarks, enter into a debate on the benefit of that type of policy, other than to say that it existed - and I think that that is a fact - and secondly, to say that any taxation policy that doesn't have, to back up its integrity, a policy which enables the public to not be at the complete discretion of the industry, is bound to fail in terms of yielding to the people of the province substantially increased revenues from the exploitation of their mineral resources. And it was on that account, Mr. Speaker, that I indicated to the House on several occasions that we would not do as was suggested to us by the then Member for Wolseley, and which I've heard said rather facetiously from time to time by other people, that if you want more money from the mining companies all you have to do is take it; that you can let them take the risk, you can then

BILL NO. 16

(MR. GREEN cont'd) . . . let them expand, you can let them increase their profits, and then after they have done this, you just take as much as you want and that gives the people of the province more money with respect to mining.

Now I can't, Mr. Speaker, accept that as a serious policy and I think that the Member for Wolseley, who proposed it rather flippantly, is one of the first who would come back and say that if you increase the taxes with respect to any commercial enterprise, if you increase the taxes with respect to estates, for instance, that people would leave the province; if you increase the taxes with regard to industry, that there would be a depletion of that particular activity in the province.

So the Manitoba Government said that whatever tax policy it had, had to be backed up by a policy of public participation which I think is now under way, and I am one who recognizes that the public of Manitoba, if they hope to gain results from this type of policy, have to be patient, Mr. Speaker, just as patient as the shareholders of private corporations who may for years and years participate in the field without an immediate return on their activity. But in the long run, Mr. Speaker, in the long run, if the province, the people of this province, continue to play a meaningful role in the exploration and the development of their mineral industry, then I say, Mr. Speaker, that there is no doubt in my mind that, given the same length of time that private industry has been in the field and given the fact that in the future we can look to new mines being found in the Province of Manitoba, that the public of Manitoba will benefit from their investment just as private companies have done from their investment.

So this, Mr. Speaker, is merely one phase of that mineral policy. And I'm going to read from the statement that was made with regard to taxation a year ago in March. "Taxation. 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 way 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, British Columbia, which permits royalty rates to be altered from time to time by the Lieutenant-Governor-in-Council. And as I indicated in the House, Mr. Speaker, the royalty rates on mines are now rates which could be changed by the Lieutenant-Governor-in-Council; as a matter of fact, in the confines of the Cabinet room an entire new royalty schedule could be submitted and passed without reference to the Legislature. We have, however, indicated that that is not the matter in which we intend to proceed. We intend to bring in a new Royalty Bill. The old royalty rates would have been amended for a particular reason which was indicated at the time. This would 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."

So what we said at the time, Mr. Speaker, was that we would amend our provisions so that the royalty rates could be changed, so that we could realize new revenues while waiting for new forms of taxation to be implemented.

And then, Mr. Speaker, we said, "A new tax will be introduced with the specific intention of providing the people of Manitoba with a fair share of the economic rents 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 of 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 resources, namely the people of the province, are entitled to a realistic share of these unpredicted, enhanced values 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 industry. 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

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(MR. GREEN cont'd) . . . 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 investor, the people of Manitoba will share the benefits of the price increase. The basic prices referred to and the percentage of return to the people will be established in due course."

Now, Mr. Speaker, that was the philosophy of our tax legislation, and I believe that it is of some value to say a word about that philosophy to clear up, if indeed there really exists, the kind of misunderstanding that has been generated relative to the bill that was introduced last year. We had promised the mining industry two things and we made that promise in open, it wasn't some secret arrangement. We said (1) that the basic royalty rate would remain unchanged; (2) that we would introduce a new tax that was based on the public realizing a larger share of the economic rent. So those were the two things we promised. We then said that since the new taxation is new, innovative, and is bound to be complicated, we are going to increase the basic royalty rates to a rate of 23 percent from 15 percent. We also indicated that that would be a temporary increase, and that when the new tax came in we would substitute the 8 percent increase by implementing the incremental rate, which I'm going to refer to it from now on.

Now, Mr. Speaker, we then proceeded to increase the rate to 23 percent. We then brought in a new bill. And let me say, Mr. Speaker, at this time, that that bill was brought in as a basic commitment to the mining industry. We had indicated that the rate would stay the same but that there would be a temporary increase to 23 percent, and then we said that we are going to introduce this legislation and that it will not come into effect until 1975. When it comes into effect the 23 percent would go back to 15 percent. Had we not done that . . . there was some discussion and some remarks made by the mining industry, more remarks by the way made by people who knew nothing about it, that the government had collapsed, that the bill was drawn back in terror of various things happening in the Province of Manitoba with regard to mining, that the industry had called on my office - and I read this in the Winnipeg Free Press - and had threatened to stop their mining activities in the Province of Manitoba unless that bill was withdrawn.

Well, Mr. Speaker, let me say this, that all of those things are untrue; that indeed had the industry suggested that they would stop activities if that bill was proceeded with, it would be one way in which they would ensure that we would have very great difficulty withdrawing the bill. And they made no such statement; nor, Mr. Speaker, do I think that they felt that way. What they said made very very good sense and that somehow people will refuse to believe, the Winnipeg Free Press in particular will refuse to believe that the mining industry makes sense, because they refuse to accept what I have indicated was the position of the industry, and which the industry has not denied. They came in and they said this bill will not do what you say you want to do. They said the speech that you made in introducing the bill describing what should happen, we understand; the bill in our opinion will not implement it.

And then they said something, Mr. Speaker, which makes very good practical sense. They said, "Look, you're going to get the money anyway, you're going from 15 to 23 percent; you say that your new bill is going to realize that type of money. Given the fact that you will not lose anything, why don't you hold this bill back, take a year to perfect it and make sure that it does what you want it to do. We will give you our advice with respect to that perfection, and then given the fact that it's not to come into effect until 1975, you can bring it in in 1975 and do exactly what you say that you are doing this year."

Now, Mr. Speaker, I find that to be an unassailable position. And when the industry presents an unassailable position which makes a good deal of sense, there is no reason that we would not listen to them, so the tax stayed at 23 percent, was collected at the rate of 23 percent. We spent a year - which we were going to spend in any case - before the bill came into effect, and we have come up with what we think is a perfected bill. Now you know I can just hear suggestions from the other side, well you see how you were bringing in legislation at the beginning which wasn't well thought out. I, at the time of bringing in the legislation, Mr. Speaker, indicated that the principles were sound, that there would be amendments to the legislation, and that that would not be a particular sensitivity with me, because if one looks at the present Income Tax Act, Mr. Speaker, I challenge anybody to suggest that massive amendments are not made in order to realize what was the aspirations of the bill in

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(MR. GREEN cont'd)the first place. So, the position that was put by the industry made sense; the province lost not a cent in revenues between 1974 and 1975, waiting for the bill to be introduced, and we are here in 1975 with the same principle, Mr. Speaker, in a bill which I hope will commend itself to the Legislature, which I think will be a much sounder basis for taxation of the mineral industry in the Province of Manitoba, and which will be much sounder from the point of view of existing industry than the kind of taxation policy which we have pursued up until now.

Now I want to make a point very clear here. I believe that this is a good bill. I believe that it is a sounder form of taxation. I believe that it will stabilize the security of the industry in the Province of Manitoba, and that it will result in less doubt in the industry than any form of taxation bill that we have had up until now, regardless of the politics of the government. However, let there be no misunderstanding, the government is not desperate for this legislation. We think it's a good law and we're going to do our best to have it introduced, but if it is not introduced then I ask honourable members to consider the consequences. We will not reduce the royalty tax back to the 15 percent. We will accept our defeat and have a 50 percent increase in the royalty taxes with, you know, and as I said to the prospectors and developers, you know, any more such defeats and I will need no victories. When you increase the mining taxes in the province by 50 percent and it is described as a defeat, you're in pretty good shape. But I say that there is no desperation for this bill that the alternative to this bill is to have a royalty of 23 percent.

And the alternative is that when the kind of windfall happened to occur, as occurred in the Province of Alberta, as occurred in the Province of Saskatchewan, as is occurring, or has occurred, to a smaller extent with regard to certain prices in the Province of Ontario, then the government merely says, well, as Premier Lougheed the Conservative government says, that over the price of \$4.00 we are going to take 65 percent of the revenue. And the government of Saskatchewan says that over \$4.00, we're going to take 100 percent of the revenue. And I assume that there will be members of this Legislature, whether they be Liberal, Conservative or New Democratic, who, if there was a windfall in the copper or nickel or zinc, or other prices, would at that time be in a position of saying that we are merely going to increase our share of the take.

Now, Mr. Speaker, I make these remarks not as a sort of a veiled hanging sword to people who are suggesting that the bill be opposed, I am making these remarks because they are historically true. That it doesn't matter what the politics are. That if you have an ad hoc policy which doesn't provide a sound basis for both the public return and the private return, then that ad hocery will come into play at whatever propitious moment arises and at whatever the government in power, the industry will be in a position of not knowing where it stands.

Now we have made our position, Mr. Speaker, very clear, and we have made it clear over a period of five years, that:

(1) we expect that the mining companies who have been operating in the Province of Manitoba on the basis of certain expectations, on the basis of certain aspirations, are entitled to have a reasonable return, a fair expectation of receiving revenues on the basis on which they originally went into the industry.

(2) that the public intends to have a greater share of excess profits - some refer to them as windfall profits. I refer to it as economic rent.

(3) from this point forward, the public intends to play a much greater role in exploration and development of new mineral resources.

In that way, Mr. Speaker, and I definitely, without any hesitation whatsoever, say that I look forward to the Option No. 3 as being the greatest potential source of increased wealth to the people of the Province of Manitoba. Taxation has always been, as far as I am concerned, the least effective remedy in terms of dealing with public revenues from resource industry. That the most effective will be in a public participation, and that is why our policy is not one-dimensional, Mr. Speaker, but three-dimensional.

So I say that there is no desperation about this bill. It will not be considered an irretrievable problem for the government if this bill is not passed. We will continue to tax the mining industry at the rate of 23 percent. If we think that there is more revenue available because of increased profits in particularly good years, I suppose the rate can be adjusted. That is not our intention. Our intention is to try to have a sounder form of tax, and that's why this legislation is being pursued.

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(MR. GREEN cont'd)

Honourable members will say that if it's going to be the same amount of money, and if you don't need it that badly, why are you going ahead with it? I say for two reasons, Mr. Speaker: One, that I believe that it will create more stability. I believe that it is a form of taxation which given a chance will become adopted in other provinces in this country, and in the country as a whole and, perhaps, with respect to different industries. Because I asked some of the business people in this House - I asked the banker, the Member from Minnedosa - if a man invests a million dollars in an industry and receives a return of \$100,000, should he be paying more tax than a man who invests \$100,000 in a corporation and earns the same amount? Because that is the present situation with regard to all income tax - they used to have a rate which was not based on investment, but it was based on profit, that after a certain level you went from 23 to 50 percent. But it never reflected the amount that was invested in the industry. And I say that that system of taxation is one that requires looking into, and I believe that in the Province of Manitoba we have looked into it. So for one reason, it is a fairer form of tax. Let me say, Mr. Speaker, that in a poor year, the Province of Manitoba will get less from the industry, because if there is a poor year, and they are all operating on their income base, we will collect 15 percent in taxation, instead of 23, which we are entitled to collect at the present time. In a better year, we will be entitled to a better share if we hit the incremental tax base.

The second reason, Mr. Speaker, is that I believe in the long run there is more money in this bill. That in the long run, that when we come to the prospect of realizing on economic rents, if we think in terms of the world's resources becoming scarcer and scarcer and therefore the price of them rising, then the mines that are presently operating with the highest economic . . . with the best ore grades will be producing ore at less expensive rates than the last mine to come into existence, and will be charging prices which reflect the most expensive minerals that are produced. If that is a difficult concept to envisage let me just point to the oil situation. Several years ago oil was selling in the neighbourhood of \$3.00 a barrel; it is now selling at \$11.00 a barrel, and the oil companies are demanding that they be entitled to sell oil at \$11.00 a barrel, not 4 or 5 or 6, which they are now permitted. And the rationale given is that is what it cost to produce the last barrel of oil. So the highest earner is the one who's got the easiest oil, and the lowest earner is the one who's got the most expensive oil, but everybody charges the same price. And what the province is saying is that as that economic rent increases with regard to mines in the Province of Manitoba, that we will be entitled to a higher share of that economic rent because it results not from the individual effort or initiative of a particular entrepreneur, nor do the higher prices result from increased production costs, they merely result from the scarcity of the product produced.

I see the Honourable Member for Lakeside is taking out my bible, the Henry George's Progress in Poverty, which I would commend to other members in the House because I think that Mr. George made what I think has been the most rational division between what a person is entitled to for his individual efforts, which is the sort of proposition advanced by most free enterprisers, that the person who puts in effort, and puts in initiative, puts in labour, is entitled to a return for it, and some product belongs to the state, to the community generally. And Mr. George I think made the best distinction, that at least I have read, with respect to that division. He said - and the Member for Riel will smile when I bring forth this example - he said that the land, by which he included all of the natural resources, that means the air, land, the water, and everything that is in the land, is the property of mankind. It belongs to God, and God gave the land for the benefit of all, and that no one is entitled to utilize the land to the exclusion of all others; that no one is entitled to perpetual private property in land, if I can put it that way. That belongs to the community. But what a person produces as a result of applying his individual labour to that land belongs to the individual, and that cannot be taken from him.

Now how does that apply to, let us say, a farm? How does economic rent apply to a farm? Well, let's say that the farmer who is farming the best piece of land and is getting, let us say, 60 bushels of wheat to an acre - is that good? Good. 60 bushels of wheat to an acre, and is entitled . . . and will make money on that basis at a price of \$3.00, works no harder than the farmer who takes the last marginal piece which is only profitable at \$6.00 an acre . . . \$6.00 a bushel, and may get 30 bushels of wheat to an acre. The difference is not

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(MR. GREEN cont'd) human initiative, it's not energy, it's not greater effort in his economic rent, it is merely the value of the land that has made that possible. The Honourable Member for Pembina, he says, it's brains. The brains is, having had the money first and having had that land available to him before it was available to somebody else.

Now, Mr. Speaker, it can be different with regard to one parcel, it would be different with regard to one parcel and the assessment that is made of one parcel in a particular area. But if you're talking about the last marginal piece to be brought in, it is not brains that results in that man getting \$30.00 . . . You know what it is, it's being able to pressure government to spend public money to build a Pembilier Dam do you can say you had brains and grew more crops to the acre. That's what it is. That's brains. And I say that that is not brains; that is not individual initiative. That is distinct from - what is it? blackbird socialism; that's "damn socialism," that the government should pay for my dam in order to have water so that I can produce more . . . on my acreage. And that's what I get from the Member for Pembina, who describes it as "brains." I say it's economic rent.--(Interjection)--Well, more credit to them. More credit to them, Mr. Speaker. But I am suggesting to you that if you take the broad economic picture, that the difference is in economic rent, and that I will give the Member for Pembina, with all his brains for farming, I will give him a portion of that land in Phoenix, Arizona, and a lot of money to develop it and let him work as hard as he can, and he won't get the 60 bushels for the acre that he's getting in the Pembina Valley.--(Interjection)--Pardon me? George will get it?

Now, Mr. Speaker, this taxation bill is an attempt to realize some of the economic rent to the people of the Province of Manitoba. Simply stated - and I'm going to pass around a document which is going to deal with the propositions that I'm making - first of all, it is a very very complex bill at the end. The formulae are rather difficult and I'm going to try to explain them in my language and then I'm going to make the same caveat that I made last year, Mr. Speaker. I can't, other than knowing that the best capacity that we have has gone into the drafting of the bill . . . The bill is intended to do what I am suggesting in this second reading, and if of course anybody can point out sections which do not realize that objective, then we are going to be quite willing to listen to amendments which will see to it that that objective is realized.

We are intending to establish an investment base, a Manitoba investment base for every mine that's situated in the Province of Manitoba. That investment base is established by taking their total investment over the years in the province for the development of that mine, factoring that by inflation, by taking that investment as if it had been spent in today's dollars, and then reducing that investment by the amount of depreciation that has occurred over the years also factored in dollars that represent today's dollar. After that is achieved, Mr. Speaker, we arrive at an investment base - and in order to be simple in the presentation of the argument, let's assume that that is \$100 million. We then say that a mine is entitled to a certain level of income on that investment base at the previous rate of taxation, and the level that we have taken, Mr. Speaker, is 18 percent. So if you take the investment base of \$100 million, they would be entitled to \$18 million in profits, taxed at the rate of 12-1/2 percent on those profits, which are calculated in much the same way as they were calculated under the previous Act.

Now the figure of 12-1/2 percent has been taken instead of the figure of 15 percent because, Mr. Speaker, we had to make certain changes or modifications to reflect certain differences in the Act. First of all, we are aiming to realize approximately the same amount of money as the 23 percent realized. Approximately the same. And I will make the candid admission that in being approximate, if we err, we're going to err a little higher, or at least I hope we are going to err a little higher, not deliberately, but merely to provide us with a margin of error. If we err we're going to err a little higher than that level of income rather than lower, and I hope that a few years from now people will not be ridiculing that statement if we happen to take in less, but that is certainly what the direction has been to the staff people who have prepared the bill.

So the 12-1/2 and the 18, plus the incremental rate, are intended to yield the same thing as the 23 percent yielded with a processing allowance, and we have discontinued the proceeding allowance and I have been assured - and this is not really my field, it's the field of finance - I have been assured that the processing allowance is a non-realistic type of measure to have included in the legislation at this time, that they've wanted to repeal it for many years, and that it will not result in any disincentive towards processing in the Province of Manitoba. As a

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(MR. GREEN cont'd) matter of fact, if processing facilities are built here, they become part of the investment base and therefore entitle the mining company to hire basic income before they start paying at the incremental rate, which may be a better incentive to processing in the Province of Manitoba.

But in any event, the 12-1/2 - and I want to caution you - does not represent exactly the old 15. The three figures together are intended to realize the result, and I don't wish anybody to try to argue the bill by showing that if we remove the processing allowance we should come to 11 percent or 14 percent, because that may be entirely true. What we are hoping is that the composite does the job that we say. So if we had a mine with a hundred million dollars investment factored in the way in which I've indicated, and they earned 18 million, they would pay 12-1/2 percent on the \$18 million. If they earned 30 million, they would pay 12-1/2 percent on the \$18 million and 35 percent on the 12 million, which is the incremental tax, and that is the portion of the tax which the province looks to, to provide a measure of economic rent to the province which was not included as a concept in previous taxation measures.

I've distributed, Mr. Speaker, to all of the members, an example, calculated to actual figures, of what I have just tried to explain as being the mechanics of the taxing legislation. I really believe that the concept is fairly simple, but I will admit that once it's put into the hands of lawyers and accountants that the language becomes somewhat more difficult. However, Mr. Speaker, we wanted to be precise and I was assured by the accountants and the solicitors that we are being precise. If you will look through the bill you will note that there is not, to my recollection, anything which involves a ministerial discretion, and the reason for that is that we have everything precise and it can be calculated with a computer. There are director's discretions leading up to the assessment, but these are appealable in the same way as the assessments were appealable under the previous royalty provisions.

So if you are asking why the formulas, why these calculations, it is so that it will be precise, Mr. Speaker. And having said that, I am not naive. Every taxing bill that has ever been presented becomes a chess game. The government sets out a tax and the accountants for all of the private firms that have to pay the tax start figuring out what they can do in order to minimize their tax under that Act, and then they do it. And then the government brings in an amendment to try to overcome what move the industry has made. That has been characteristic of every other taxing statute that has really been presented and I, Mr. Speaker, see the same kind of chess game following the introduction and implementation of this bill. --(Interjection)-- I hope that we are in as good a position as possible but I never underestimate the ingenuity of both accountants and lawyers to be able to do the best for their clients under the taxing measure, and I don't fault that. All I'm saying is that they should not second guess our desirability to then try to make the legislation do what it was supposed to do in the first place.

This measure, Mr. Speaker, which is based on investment, I believe is the first such legislation in Canada and I know of no other legislation in other jurisdictions. I can tell you that in my opinion it is a sounder system than has been introduced, and we are told about the British Columbia system and I do not wish to second guess the Province of British Columbia as to their legislation but it has features which we have avoided. It has a feature of, first of all, taxing regardless of profit. There is an off-the-top tax based on production, and again it is suggested that the previous bill that we introduced, which this merely follows the principle of, was based on production. That is not correct. There was no tax on production under the previous bill. You could produce as much as you wanted to and there was no tax on the ore that was produced. There were concentrate controls but not production controls. If you stayed within the levels of concentrate, you could produce forever. And I think I got one good word from the Member for Riel last year when he said that there is going to have to be introduced, in legislation of this kind, any resource industry legislation, factors which make sure that the resource is properly husbanded. That was one of the features of last year's legislation which we have brought forward this year in a different fashion, and I'll come to that in a moment. But there was no tax on production under the bill that we introduced last year. In B.C. there is. In B.C. the Minister has the right to change the tax when the prices change. One of the features of this tax is that it remains a profit tax, remains a tax on profits. It does not deal with individual price of commodities except insofar as those prices are reflected in profits, and that it therefore does not involve any ministerial discretion with regard to its provisions.

Now if you want, Mr. Speaker, you can look around and see that Ontario has introduced

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(MR. GREEN cont'd) increased tax on royalties, increased royalty taxes, which are based on profits and profits only, do not take investment into account, and have been soundly criticized by the industry on that basis. The Province of Alberta has introduced the 65 percent tax on the incremental price of oil. The Province of Saskatchewan has introduced a 100 percent incremental tax on the price of oil beyond the figure of \$4.00, I believe. The Government of Quebec has just recently introduced crude tax increases by merely increasing the percentage that has to be paid. And I think, Mr. Speaker, that this reflects a change in character as to the provinces and governments of Canada with regard to the resource industries in the past five years. There can be no doubt that the philosophy of incentives to create industry through the exploitation of natural resources no longer exists, if it ever existed, Mr. Speaker, because if it exists for this administration or for one administration, there is no guarantee that it will exist for any other administration. And the best example that we have of this is that in 1969, when I first became Minister, the mining companies used to look with just great desire and their mouths just watered at the tax laws of Ireland, which they say virtually gave them no taxes on their income for a certain period of time. And on this basis they were going to invest in Ireland, and I suppose some of them did. And once they were there, the Government of Ireland merely changed the tax laws and said, "Now we're going to take as much as we want." And that is, Mr. Speaker, the fallacy of a suggestion that the mining companies are concerned merely with the tax rates in their decisions as to where they are going to proceed. I suggest that what they are most concerned with is some type of stability, some type of understanding as to what the government is going.

Now, Mr. Speaker, you know, I suggest to you that in the last five years there has been more stability in the industry and in the philosophy of the government as to what they could expect in terms of a tax policy than there was in previous years and with respect than there has been in other provinces in the country. You know, it's an interesting thing, Mr. Speaker, to show when I want to convince the mining industry about the risk that they are involved in and they keep telling me that mining is a risky business. I point out to them that I am the senior Mines Minister in Canada, having been Mines Minister for a period of just over five years, from 1970 to 1975. So if one wants to think in terms of a risky business, it is much riskier to be in politics than to be in the mining business. But the fact is that that has been the case, that prior to that I think Manitoba had five Mines Ministers in two years, and I'm not assessing blame here. There was the Honourable Len Evans and the Honourable Gurney Evans, the Honourable Don Craik, the Honourable the Member for Lakeside, the Honourable the Attorney-General, the previous Attorney-General, so there is some at least unusual situation of having this portfolio for that length of time, and whether for good or bad, it's the same.

Now I can recognize where that would not be desirable either. As a matter of fact there is a story which I tell which I think best displays this, about the wife who noticed that here husband was cooling off considerably, and she did everything to try to win back his affections. She dressed, she went to the beauty parlor, she used the most expensive perfumes. She did everything and nothing worked. And finally in desperation she said, "Tell me, what is it you want of me?" And the husband said, "I'll tell you. It's not that I want a younger one, it's not that I want a more intelligent one, it's not that I want a more beautiful one, it's not that I want a more patient one, I simply want another one." And I think that possibly that could be the other feature of having one Minister for too great a length of time.

In any event, the point that I wish to make is that stability and some sense of comprehensiveness to a policy is an important feature of mining development in the Province of Manitoba. I believe, Mr. Speaker, that we have a policy that will provide stability, that does have comprehension, that does lead the industry to recognize that there is something in it for them, and also gives to the people to understand that there is something more in it than there has been in the past for them. And the policy is designed in that direction and I have no reason at this point to believe that it will not be successful.

But I want to make something very very clear. Although it has been designed in that direction, in its implementation it doesn't depend desperately that the industry co-operate with the government in this connection, and if, unfortunately - and I would consider it a misfortune - that does not occur, then the integrity of the government's policy demands that we proceed to deal with any reduction in industry participation by an increase in public participation, because we intend that the level of mineral industry development which we reasonably

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(MR. GREEN cont'd) can expect would occur in the Province of Manitoba under the old rules, must occur under the new rules, and it will be done hopefully with industry participation, but not desperately with industry participation. We are no more interested in mortgaging the wealth of the people of this province to a policy which will only result in industry sharing no more than the industry is interested in developing mineral wealth in this province solely without any return to them for the effort that they undertake.

So there are two sides to this question, and I have no hesitation in saying that I would like the public sector to grow, but I recognize a very good place, a productive place and a rewarding place, rewarding to the industry, for that existing mining sector activity in the Province of Manitoba which has been here up until now, and that sector wishes to continue as a participant with government in the developing of the industry in accordance with the new rules. And I think it's worthwhile saying, Mr. Speaker, that this package is the termination of the mineral policy which we set out and which we have been enacting in the last few years. Now, when I say termination I don't mean that there cannot be modification, but in terms of the philosophy of the program, this is an implementation of that philosophy.

I believe that there is something in it for the representatives of the people which shows greater promise than they had before, and that the industry can see that its integrity with respect to its existing role and its pre-existing role has not been disturbed in such a manner as would cause them to feel that they have been unjustly dealt with. As far as the future role is concerned, that is optional on their part. I sincerely hope that they exercise the option, and I made members aware of my feelings in this connection last year. I believe that the industry people are people who are aggressive, who like a challenge, who want to create, who want to produce, I believe that those people in the past have been encouraged to find their role only in the private sector, and they happen to be there. I don't say that it is somewhere written down as a divine law that they will always be there, but society has given those challenges to those people in the private sector. I hope that many of them find their way to the public sector.

I hope that the public is challenging enough to draw such people to the public sector. And it's not necessarily a higher salary that does it. Mr. Speaker, I can assure you that we could offer a higher salary to the president or the managing director or the operations manager of one of the mining companies to come and work in the Department of Mines in the Province of Manitoba, and that would not lure him away from private industry if his role was to sit there and regulate what somebody else is doing, because these people cannot realize themselves performing that kind of role. And that's the accident of their involvement in the private sector, not what some people say here is the profit motive. It's the motive of challenge, the opportunity to create, the opportunity, as Swift said, to produce two ears of corn where one grew before. That's what they're looking for. And if the public gives them that challenge and rewards them decently for participation, then I say that they will respond to it. But at the present time they are in the private sector, and that, Mr. Speaker, is the main reason for having a significant private sector participation or at least the option of it in any future policy.

We have basically followed the philosophy of the old bill. We have improved it. The old bill said that the basic year would work on the basis of history, in some places the history was one or two years and in some places the history might have been out of keeping with what could normally be expected at the present time, and therefore we have now based it on investment rather than history. But there is still a basic tax on a basic income and an incremental tax on a higher income, which is last year's bill. Much more sophisticated but last year's bill. The other part of last year's bill was a husbandry provision which was in response to the suggestion by mining companies, that, if you change your taxes, all we're going to do is mine higher grade ore. We said, "No, you can't do that. We have to maintain some integrity in our tax policy through good husbandry." And we put a section in.

That section is two things. It is feared by the industry, and we're willing to listen to their fears; and secondly, it is new, innovative, and possibly needs a longer time to study before bringing in. So we have put in a general provision with regard to good husbandry, and I will recognize immediately, Mr. Chairman, the generality of the provision and the therefore difficulty in enforcing it. But it is not impossible to enforce. It will depend on a jurisprudence growing up as to what constitute good husbandry and a judge making that kind of finding on the basis of the evidence of expert witnesses on the one side and expert witnesses on the other side. But more important than that, Mr. Speaker, it is a signal. It is the kind

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(MR. GREEN cont'd) of signal that was referred to by the Member for Riel, that people who are utilizing resources are going to have to do so in accordance with good conservation practices, or in accordance with good utilization practices, and we have been assured by the industry that there is no reason for them with this type of bill to go for higher grades only, and if that assurance proves to be justified, then the kind of husbandry provision that we're looking at could either stay or be modified to a certain extent to make it more specific rather than general.

We did indicate, Mr. Speaker, last year that we would be modifying our tax rate to take into account the federal position, which doesn't allow the mining companies to deduct a royalty as an expense. We have made our protestations with regard to this position. We have, at federal-provincial conferences, indicated the unfairness of the Federal Government in unilaterally taking this position, but we nevertheless, Mr. Speaker, will be modifying our own position, not with respect to these royalty rates, but with respect to matters which will be more clearly referred to in the budget by the First Minister when we are discussing the particulars of that budget. But there will be a modification of the provincial position to take into account that the Federal Government is not allowing the royalty as an expense.

I'm prepared, Mr. Speaker, to have a technical briefing of the legislation similar to what we did with the oil royalties last year, similar to what the Honourable Minister of Finance did with respect to another bill that he introduced several years ago - it may have been the gift tax. Well, in any event, there will be a technical briefing, but I want to send out a caveat to my colleagues in advance. When you start asking questions: "do you think this is a good tax or a bad tax?" that's when the meeting will stop. Not because I in any way fear what the civil servants will say in this connection, but I say that those are not relevant questions; and if we are going to make these people available, they will have to be asked the technical features of the act, how it works, what the result of different features will be. If you intend to make use of the meeting for the purpose of trying to find people who have misgivings about one section of the act or another section of the act, well, Mr. Speaker, this is a facility. I believe it's a good facility. I believe it's useful. But I don't intend to have that facility available if it is not properly used by members of the Opposition. And if the intention is going to be to try to find out which civil servants liked the act or don't like the act or what effect it will have, in their opinion, on exploration, then we will not produce these people and I will await the honourable members. Do they want a technical briefing? If they do, they will have one. If they want a briefing which is intended to try to find out whether there is policy difference amongst civil servants in the administration, then we won't do it, because I have no intention of creating that type of situation in the Province of Manitoba.

Mr. Speaker, I've not dealt with specific provisions of the act; I've dealt with the philosophy of the act, I've indicated what we intend by the act. We believe that the administration has drafted this act in order to realize those intentions. We are prepared to consider any changes which will make more perfect the realization of these intentions, and of course we expect a full-fledged debate on the provisions of the act itself.

I believe that this is good legislation. I believe that it will provide a model, if we give it a chance, for other legislation which will be enacted in this country. I want very much for this legislation to go through. I will do my best to make the kind of answers that will commend the legislation to honourable members, but if you are asking are we desperately in need of this to maintain either some type of pride or hard position of the government, I can tell you that we are not desperate for this legislation. The 23 percent will yield approximately what the legislation will yield this year. If we can't have a long, forward look at what we are doing, we at least know that we can rely on an ad hoc look such as is being employed in other provinces. We are trying to have a law which is more sensible than other provinces. We will give it a reasonable effort and I sincerely hope that we will succeed in so doing.

So with those remarks, honourable members, I commend this legislation to your attention and I sincerely hope that the bill will, after an intelligent and useful debate, proceed to committee.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Thank you, Mr. Speaker. Mr. Speaker, I don't know whether it would be, but it may be of some surprise to the Honourable Minister that the Opposition would be prepared to begin the debate as of now on this bill, but then really it shouldn't be, because we've

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(MR. ENNS cont'd) witnessed a surprising performance again, and really the third time around for the Honourable Minister. And I want to assure the Honourable Minister that we will be, on our side, taking a very hard look at the complicated formulas that have been laid out in the bill. We hope to have every opportunity to take up his offer of assistance from his technical people with respect to searching out those questions, those answers of a technical nature that will be of importance to us in that examination.

But I want to refer just for a little while . . . and I don't do it, Mr. Speaker, in an unkind way to the Honourable Minister, but all of us really can't forget that kind of rapt attention that he commanded in this Chamber, that rather stirring performance, I might say, in this Chamber when he first rose on May 31st 1974 to introduce Bill 82 last year into this Chamber, and I just note that somewhere in the middle, Mr. Speaker, you interrupted him to introduce some students, that was after he had been talking for some 40 minutes, and he then carried on for considerable length thereafter.

But among other things that he said on that occasion, was that, in speaking about this bill, "I do so with utmost confidence in the principle of what we are doing." He concedes that it may be difficult to move from the . . . that we have indicated that we'd like to do to the legislation, reading the legal language. He says, "I am making sure that it represents the intention. I therefore have indicated to honourable members that have gone over it, in my opinion it fulfills entirely the commitment that we made with regard to our mineral taxation legislation."

Now that was on May 31st or just last year when, in a similar fashion, he after a lengthy performance sat down and said with the fervour still burning in his eyes, "I commend this legislation, Bill 82," to this same Chamber.

Then on June of that same year, he arose again in this Chamber and suggested that "the government is satisfied that the concept introduced in Bill 82 is justifiable and will result in a more equitable form of taxation of economic rent than presently exists. I am, however, willing and anxious to ensure that the tax is well understood and that opportunity is given to deal with any misunderstandings or problems which may arise relating to its implementation. There could therefore," and I don't do this in discourtesy by reading out of context, I'm sure the Honourable Minister in closing debate would be quick to correct me on this, but in the essence of time without taking anything out of context, his general remarks at that time were, "There could therefore be some advantage in delaying the legislation which would implement this concept until the next session of the Legislature." And accordingly with the same sincerity that he had said a month or two before when he commended the bill to the House, "I accordingly wish to advise the honourable members that I do now not intend to proceed further with Bill 82 at this Session of the Legislature; it will not be called for further debate."

Now, Mr. Speaker, a year has passed and again without getting into a debate as to who exerted what pressure, or what role the Opposition played in having some reconsideration made by this government, by this Minister, the fact of the matter is very plain that there was general consternation, deep concern expressed by a vital industry in Manitoba at the introduction of Bill 82.

Now, Mr. Speaker, and I haven't - you know this is perhaps where I'm being unfair to myself by not having waited for at least a day or two until today's Hansard speech was properly recorded in Hansard and I could have that in my hand and say, "We've listened to the Minister re-introduce Bill 82 again, spend most of his time in convincing us, when he wasn't telling us little homily stories about farmers, economic rent, and wives" - and by the way that story about the husband that just wanted another one, or vice versa, is of course the sustaining hope of the Members of the Opposition. You see the people of Manitoba, Mr. Speaker, we are convinced don't simply want a more generous government or a more efficient government, or a better government, sooner or later they just want another one, and that sustains all of us from time to time when we have our blue days here on this side of the House.

Mr. Speaker, what I was trying to say though that he spent really most of his time convincing us that this was in fact no retreat on the part of the Minister, that we were not supposed to look upon him as the Walter Gordon of this Chamber, if you recall that honourable gentleman and his ill-fated attempt at introducing a budget in the Federal House of some time ago.

Now, Mr. Speaker, I'm not even prepared to debate the question of whether the Honourable Minister is retreating or not. Some call him a proud man, some call him an arrogant man. I, of course, have always called him a friendly man, and a particular friend of mine.

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(MR. ENNS cont'd) But, Mr. Speaker, the fact of the matter is the question that has to be raised, and again we raise it not from a point of opposition for opposition sake, there is obviously a great conversion has taken place here somewhere. If I can recall correctly the comments made, the general acceptance on behalf of industry, indicate that the government has done several very important things that we requested of them to do, not only on this bill but indeed on many bills. By far the most important thing is they've consulted with those whom they're dealing with, namely, they obviously have taken time between the introduction of Bill 82 and now the introduction of Bill 16, I believe it is, they have taken time, and it's acknowledged by the industry that pretty straightforward honest consulting was undertaken. Now that, Mr. Speaker, is a departure on the part of this government on all too many occasions, and it would appear, it would appear, Mr. Speaker, that as we could have told you it has borne fruit.

It would also appear, Mr. Speaker, that other members of my group will be doing a much more detailed and effective job in this sense, that the Minister's performance and efforts to gloss over major changes of the bill, and the bill is not the same bill that was presented to us a year ago. The restriction, the restraints put on the Cabinet in the role of establishing taxation rates, even the husbandry surcharges which are contained in the Bill 82 were of major concern, and the Minister acknowledges that while it's being listed in Bill 16 in only the broadest and most general of terms, these obviously, you know, fundamentally affect and change the bill.

The fact of the matter is, Mr. Speaker, I believe, I believe that whether the government wishes to acknowledge it, is beside the point. I believe that the people of Manitoba, the mining industry in the Province of Manitoba is better off for the fact that the government was served notice last year that on Bill 82 they could expect a most vigorous opposition. Enough was said, enough was indicated to indicate to this particular Minister of Mines and Natural Resources that that would take place, that in this particular instance the value of having withdrawn the bill, having had a second look at the bill, and having consulted with industry, probably, and I say this with some caveats, in all likelihood has produced pretty acceptable legislation, legislation that I don't think we would have had had we allowed this headstrong government to move in its usual manner a short year ago in this Chamber.

Mr. Speaker, there are a lot of interesting things that the Honourable Minister wove into his speech in introduction of the bill, avoiding essentially the principle of the bill but telling us, explaining to us at great length his capacity, or his particular way or having been able to come around Bill 82 to Bill 16, and make us believe that he's still playing in the same ball game.

His comments about economic rent and farming were appreciated by me and the Honourable Member from Pembina. What the Honourable Member from Pembina can also tell him though, that all too often you can find a good farmer on marginal land doing exceedingly well and all too often bad farmers on the best of land doing exceedingly bad. And so the simplification of his theories of economic rent leave a great deal of room for questioning. God forbid that the Province of Manitoba should be subjected to some of the three-dimensional benefits that accrue to the public in such undertakings as Saunders, if that is a concept of three-dimensional benefits that could accrue to him if his mining venture succeeds. You know, I have expressed different concerns about that along different lines, but the simple saying of things doesn't produce things. It reminds me of the friend my father had who left the prairies in disgust in the bad years, in the dirty years, and took up gardening and fruit farming in B.C., and he overtook a very dilapidated and run-down orchard farm which had been deserted for a number of years, and a year or two later a wandering or itinerant Minister of the cloth visited him and remarked, "My wasn't it wonderful the blessings of the Lord, the blessing the Lord had bestowed on this particular piece of property, and all the lovely orchard trees and fruit that he had growing in there." Which prompted the farmer, the owner, to remind him, "Well that may well be but you should have seen this when the Lord had it all to himself." So you know these homilies and philosophic stories relating to economic rent seem to imply that they can be formulated as rigidly as he has formulated his taxing policy in this bill, with no room for ministerial discretions. Well of course that's where on philosophical grounds we part company. I don't believe that you can formulate in such a doctrinaire way the performance of the human person, the human being, in his response to certain conditions.

We, sir, in the Opposition will take a hard look at this bill; we want to satisfy ourselves that what the Minister has done is not simply shift over some of the major concerns that were involved and contained in Bill 82 to the regulatory powers of this bill. We have some reason to

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(MR. ENNS cont'd) cast a suspicious eye in that direction. We want to have our opportunity of having a possibility of discussing this bill with the industry affected. But certainly on the surface, Mr. Speaker, we would find ourselves generally having to say that it's a welcome turnabout from Bill 82. We recognize that new and significant changes in approaches to taxation in the mineral field are contained in that bill. We also recognize with some thanks that the government has obviously decided to acknowledge some of the legitimate concerns expressed by Opposition both within this Chamber and outside of this Chamber a year ago.

With those few comments, Mr. Speaker, I'll leave it at this time.

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

MR. GEORGE MINAKER (St. James): Mr. Speaker, I beg to move, seconded by the Honourable Member from Pembina, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Yes, Mr. Speaker, I wonder if we can proceed with the bills. We may be able to get some of them passed.

MR. SPEAKER: Thank you. The Honourable Member for Morris.

MR. WARNER JORGENSEN (Morris): In view of the hour it would be agreeable to moving into Committee of Supply now and then we'd be in at 8 o'clock rather than proceeding with . . . We're prepared to go on one of those bills but we can do it just as well tomorrow.

MR. GREEN: The point is we would not be in Supply we would be in Private Members.

MR. JORGENSEN: Yes, but I . . .

MR. GREEN: If there was one that you knew was going to get passed we could do it, if not . . .

MR. JORGENSEN: I don't think it'd get passed in the few minutes that are left.

MR. GREEN: Let's have Private Members.

Mr. Speaker, I move, seconded by the Honourable the Minister of Urban Affairs, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried, and the House resolved itself into a Committee of Supply, with the Honourable Member for St. Vital in the Chair.

MR. SPEAKER: While the Honourable Member for St. Vital takes his seat he may as well return and we'll go into Private Members Hour. The one minute doesn't make any difference.

A MEMBER: Committee rise.

MR. SPEAKER: Committee does not rise.

. . . . continued on next page.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: The hour being 4:30 we are now into Private Members' Hour, and the first item on Monday is Resolution 15. The Honourable Member for Assiniboia.

RESOLUTION 15

MR. PATRICK: Mr. Speaker, I beg to move, seconded by the Honourable Member from Fort Rouge,

WHEREAS the cost of building individual housing has increased at an excessive rate during the past several years;

AND WHEREAS mobile homes represent one method whereby the cost of housing can be reduced and are becoming increasingly recognized as a regular and recognized form of housing;

AND WHEREAS the Manitoba Government levies a full sales tax on the retail value of a mobile home but levies the tax only on the material which goes into a regular house, and not the labour;

AND WHEREAS this discriminates against mobile home buyers unfairly and raises the cost of mobile homes;

THEREFORE BE IT RESOLVED that the Manitoba Government give consideration to the advisability of applying sales tax to mobile homes on the same basis as it is applied to permanent homes.

MOTION presented.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Thank you, Mr. Speaker. I perhaps can make a few remarks. I'm sure that the members know my stand as far as taxing accommodation is concerned, and for several years I've presented a proposal to the House during the Private Members' Hour that the sales tax should be removed on housing accommodation. I know we have debated this question for at least the past several years, not only several years but for at least the last ten years. In this House there has been continually a resolution before the House to remove the sales tax as it applies to accommodation, and I'm still of the same opinion today, Mr. Speaker, but perhaps I can ask the government at this time just to take one step and to tax the mobile homes in the same basis as it taxes the building materials on housing, and which I do not agree with, but, Mr. Speaker, I have no choice but to ask the government to remove the anomaly that we have at the present time. I think that everyone will agree that mobile homes are now considered as one form of housing, and they should be recognized as a legitimate form of housing, and I think the owners should not be treated as second-rate citizens, Mr. Speaker. The owners of mobile homes should be able to obtain, I believe, as well mortgage title to their land, and I feel that the sales tax at the present time as it applies to mobile homes is certainly discriminatory.

Mr. Speaker, I know that most members will agree that there is a large percentage of mobile homes - at least 3 percent of all the homes in the Province of Ontario today are mobile homes. Perhaps I can give a little history of the mobile home and its origination. I believe it was as the population moved west this has influenced and persisted into modern times, and in particular with people moving into certain areas, mining areas, and where there was just temporary jobs, the mobile home was one type of accommodation that persisted in those times, and even today we still have the mobile home frequently associated with such resource development as construction work in the north, the mining industry, and so on. So the majority of the mobile homes in Canada, Mr. Speaker, at the start were extremely small, very small, and in western Canada I believe the industry is still quite small at the present time. I believe the industry as a whole in Canada is to some extent not as large as it could be. The industry has developed in two separate areas of Canada, one in Ontario and one, perhaps the largest one, in Western Canada, which is in Alberta at the present time.

So, Mr. Speaker, the problem that we have at the present time is when a permanent home is purchased, there is no 5 percent sales tax applied or collected. When a mobile home is purchased, there is a tax collected, and it is a 5 percent tax upon another 5 percent tax, and let me explain. Only the material component is taxed into a permanent house but when we are talking about a mobile home, there is a tax on the material that goes into the mobile home, and there is also a tax on the labour. --(Interjection)-- Well I know what the Member for St. John is referring to. What happens when a construction firm builds a home; it pays a 5 percent Manitoba sales tax on all its material. Is that not correct? The cost of the home includes the 5 percent sales tax, but when a person buys a mobile home --(Interjection)-- Okay, when a

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(MR. PATRICK cont'd) contractor builds a mobile home, he has a tax number, -- (Interjection)-- Yes, he has. He has a tax number where he gets credit, he's exempt for the material. But then when the mobile home is sold to a customer, there is a total 5 percent tax on the whole component, there's a tax on the labour, there's a tax on the material which is not . . . this is much different than a permanent home. So there is a difference. --(Interjection)-- Prefabricated in a shop. Well that's a different thing, Mr. Speaker. So there is a great difference, there is a great difference. When a mobile home manufacturer builds a home, let me repeat it again, he gets credit, a tax credit, or a tax number where he gets tax credit on his building materials that he doesn't have to pay a tax. When he sells the home, he has to pay the 5 percent sales tax on the whole unit which includes the labour, and it doesn't apply the same way to permanent homes.

What is the whole problem, Mr. Speaker, what is the problem? All you have to do is check with some of the mobile homes and the mobile home industry in this province, and there is a problem. Instead of building a mobile home, instead of the mobile home industry expanding - and I've had correspondence here from Altona Mobile Home or Altona Trailers, and some others - now what they have to do, it's more economical for them to import the mobile homes from other provinces, from Alberta, than build in the Province of Manitoba. Surely the Minister, and surely the government is concerned that this industry expand in this province, that we create more jobs and . . . because in the Province of Alberta there is no tax on that. So there is --(Interjection)-- It's a double taxation, Mr. Speaker. So what I'm saying, you have 95 percent, 95 percent of all the materials that go into construction of a mobile home, be it wiring or lumber or aluminium, or anything there is, you have 95 percent of the material right here in Manitoba that could go into construction of that home. And I can't see why we don't allow this industry to expand, and have this tax which is discriminatory. The industry's capacity for rapid increase in the rate of production of mobile homes on a large scale has not been utilized in Western Canada because it was due to many restrictions, and perhaps one of them has been on the part of the municipalities, Mr. Speaker, to release land for mobile home park developments, and it's only in the last couple of years that we have started to move in this area.

There has been another problem, Mr. Chairman, that CMHC, and the financing of the mobile homes has been much more difficult than the financing of a permanent home, and the carrying charges have been higher. My concern that the mobile home sales over the past ten years have increased, Mr. Speaker, at least 15 percent per year, and I'm sure that I can indicate to the members that in Manitoba during the last year, we shipped out 500 units and imported 856 for a total of 1,445(?) units for a nine-month period, Mr. Speaker. I think while it's possible to build and furnish mobile homes in Canada with at least 95 percent Canadian content, Canadian mobile homes use an average of at least 2,000 board feet of lumber, 8,000 square feet of wood based on the medium size mobile homes; we use wood, plywood, steel, aluminum, Kitchen appliances, plastics, furniture, all these things go into a mobile home; draperies, electrical appliances. Well this creates jobs, Mr. Speaker, in this province, and still we have a discrimination in a tax where it's perhaps cheaper to buy somewhere else than to produce these homes in the Province of Manitoba. I'm sure that the members would like to know that only a few years back, in 1969, there were some 60,000 mobile homes in Canada, of which 21,000 were located in some 700 parks. In Manitoba we had some 1,100 mobile homes in 20 parks, and 4,000 of these mobile homes were located on farm property and privately-owned lots. There are some 600 spaces for mobile homes in Metropolitan Winnipeg in the additional zone. These rent anywhere from 60 to 125 dollars per month in the home parks of Metropolitan Winnipeg.

Mr. Speaker, the retail sales of mobile homes in Western Canada has almost doubled in the past three years. It is expected that 8,000 mobile homes will be sold in Western Canada alone this year at the value of at least \$80 million, the average retail price being in the region of anywhere from 9 to 15 thousand dollars. It is also expected that the sales in the west will climb to perhaps more than 25,000 units this year. The estimated sales in Manitoba projecting to this year will be on the same basis - sales in Manitoba could amount to anywhere between 2,500 and 3,000 units. So, Mr. Speaker, this is an industry that's growing; it's an industry that I'm sure the Minister of Industry and Commerce could give some concern to, and if he doesn't believe me or doesn't agree with my remarks, perhaps he can talk to some of these

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(MR. PATRICK cont'd) people in the industry. He can find out for himself just exactly what problems they have at the present time.

I know that in Metropolitan Winnipeg, we have Fort Garry, North Kildonan, Old Kildonan, St. Boniface, St. James, which is the Village Downs, St. Vital and Springfield. We have at least seven parks with at least 1,100 to 1,200 spaces for mobile homes in the Metropolitan area and they occupy 2.6 persons per unit. So I'm sure that members would agree that it isn't perhaps used by people with large families, it is used by many senior citizens, or some senior citizens, that do occupy mobile units, and I cannot see why the government would continue with the present system of taxing labour and the component in the mobile home.

I understand that the Manitoba Federation of Labour who is another expert that perhaps the government will agree with very quickly; they have made that recommendation for several years in their report to the government, and I guess a few years ago the Manitoba Federation must have been of great importance to the government because they listened very carefully. But maybe at the present time, they feel quite confident, they don't need the support of labour any longer, and at times one would begin to wonder, they've been treating at times labour like they don't need it any more.

So, Mr. Speaker, I do appeal to the House, and I believe that I have made a case. I said that at least 95 percent of the components in the mobile industry, the mobile home industry are, you know, are Canadian components, all could be used here in Manitoba, and I can't see why this industry should not expand. I know they have problems with competition with the other provinces, competition from across the line, and I'm sure that whoever speaks on the government side will agree that there is a double taxation because on a permanent home you're only taxed on the building materials only; on a mobile home you're taxed for the building material or the components that go into the mobile home, and you're also taxed on the labour. So there is a differential, there is a difference between a permanent home and a mobile home. So, Mr. Speaker, I very strongly recommend this proposal to the House and I hope that the government will give it really serious consideration.

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

MR. D. JAMES WALDING (St. Vital): Thank you, Mr. Speaker. I think that I might not satisfy the Honourable Member from Assiniboia. He expressed the hope that the member from the government side would agree with him and support his resolution. I find that I am not able to do that, Mr. Speaker.

Here is another resolution from the Honourable Member for Assiniboia which is perhaps typical of some of the resolutions that we hear from him and his colleagues over that side. It's very easy, we have noticed, to bring in a resolution calling for additional expenditure by the government, and just looking over the list of resolutions, additional money for the inner core of the city; additional money for a new town 50 miles from Winnipeg; additional money to be spent on public libraries; additional income for senior citizens - that's another favorite of the Honourable Member for Assiniboia. We've also had calls for increased taxation money for highways; additional money for the City of Winnipeg. The list goes on and on, Mr. Speaker, but we rarely hear any suggestions from the other side for additional taxation to pay for them, although we do get calls from time to time to cut down on government expenditures. It seems that if we were to satisfy the Opposition, we would cut taxes and cut expenditures, and yet at the same time spend additional money. Mind you, I have heard similar promises like that from different politicians in previous elections but in my opinion the electorate is a little too intelligent to fall for that sort of thing any more.

However, in looking over the resolution, it's a little ambiguous in knowing just what the honourable member is driving at, whether he is concerned solely about the cost of housing, whether he is making a comparison between two different types of housing, the permanent and the mobile, or whether he is in fact applying his thoughts and arguments to the sales tax principle. His preamble really does not properly lead up to the resolved portion of his resolution, and I will attempt to show that taking the whereases would lead to possibly a different resolution, and that his resolved part does not really flow properly from his preamble.

And we might just look at the first preamble where he says the cost of building individual housing has increased at an excessive rate during the past several years. Well it becomes, I suppose, a matter of definition of just what an excessive rate is, but one only needs to look back over housing prices for the past few years to see a very marked increase. But whether

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(MR. WALDING cont'd) that is in any way due to a sales tax is a matter for some debate and something that the Honourable Member for Assiniboia really didn't touch on.

Undoubtedly the cost of increases in housing has been a matter of increases in the prices of building materials. We saw about two years ago, within one year, approximately 100 percent increase in the cost of lumber alone; undoubtedly the cost of labour has gone up dramatically over the last few years. Not only that, the cost of land as we know has really skyrocketed; there has been a good deal of speculation in the supply of land, and if we can believe reports that are published, almost the entire supply of raw land around the perimeter of Winnipeg is owned by two or possibly three large companies, and this undoubtedly has had an effect on the cost of housing.

One other effect that is very closely tied in to the cost of land has been the zoning provisions having to do with the number of houses, single family houses, that can be built on any one plot, and whereas the cost of land has always been considered to be a certain fixed percentage of the selling price of a house, I'm told that insurance agents consider it to be around 10 percent. Obviously if the price of the land goes up, in order to keep that same proportion, the cost of the house must go up several times, or ten times as much as the cost of the land, and this of course has meant that in many of our new suburban sub-divisions that builders are not building a house, a single-family house, for less than \$50,000, running up to well over \$100,000.

Probably another factor in the cost of housing has been a rise in population, partly in the province and more particularly in Winnipeg, which as we know has been growing at a larger rate than the province as a whole, and the effect that we see across the whole country of a general migration from the rural areas into the city has undoubtedly led to a pressure on the supply of housing both in the outskirts and in the more settled centre of the city. Not only that but there has been the fact that as the suburbs get further and further away, that people will be looking more to housing in the centre of the city and towards the inner suburbs and tending to turn away from a long journey to and from work each day. None of these factors involved in the cost of housing really have anything to do with sales tax.

And if the honourable member is concerned with the cost of housing he might just take a few minutes perhaps to review what has been this government's policy in regard to housing and the supply of accommodation, both for rental and for sale. And we know that these two things tend to go together, that the larger the supply obviously the less is the demand for them, and the less pressure upwards on both rents and prices. It is a matter of record that since this government came into office in 1969 that it has spent some \$137 million in public funds, building close to - the figure I have here is 9,367 dwelling units in some 102 communities throughout the province, as opposed to the previous government which built practically no public housing in the term of its office, which I don't criticize, it had its own priorities, it had its own social and ideological priorities, which it put into effect in its years. This government's priorities were different and one of the major ones of course was housing.

One other very important factor that the honourable member failed to mention was the Pensioners Home Repair Program, which has been in effect now since the 1971-72 fiscal year, which was introduced originally of course as a Winter Works Program to alleviate the unemployment situation in effect through the winter months in Manitoba. But it had the effect of upgrading and repairing, providing new components to the homes of some 25,000 of the province's 40,000 pensioner-owned homes in Manitoba.

It has been pointed out that a good part of the crisis in housing in Canada can be laid at the doorstep of the Federal Government. The Federal Government has announced that there is a need for some 800,000 new housing units in Canada and that their housing policy, or their apology for a housing policy program, has produced funds for perhaps a quarter of the amount of money needed to finance that housing.

The Honourable Member for Assiniboia really wasn't too clear in his remarks whether he was concerned with permanent housing versus mobile homes as such, or whether he was really only concerned with the taxation on them; whether he was making a comparison of whether a family would go into one or the other and whether a tax would induce them to move into, for instance, a ready built home or into a mobile home. If he's concerned with the difference or the similarities between them, he should bear in mind that a mobile home for a pretty good model can be expected to cost somewhere in the region of \$12,000 I'm informed,

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(MR. WALDING cont'd) whereas for a new house, a comparable size might cost anywhere from \$25,000 upwards. So there is really - he shakes his head - maybe he knows of new houses being built for less than that but --(Interjection)-- 31 and up. Oh that's even a bigger spread. If he is suggesting that there should be more parity or more equality between the two, then surely he should be suggesting that the cost of housing should come down to make them cheaper rather than to be suggesting that mobile homes should be made cheaper, where they are already less than 50 percent of the price. So there really cannot be a matter of choice for say a young couple whether they would go into one or the other because if their finances are any way limited there is no way they can be buying a \$31,000 house.

The Honourable Member for Assiniboia has repeated what has been said before that there is double taxation payable on mobile homes. He has said, I believe, that the manufacturer pays tax on the items that he incorporates into that house and then collects sales tax again. He is shaking his head and saying that he doesn't say that. If I can make things quite clear to him, and any other member that is not too sure: When a house builder builds a house he buys the materials that he needs, pays tax on them, and builds the house, and when it is finished he sells the house and there is no sales tax payable. The builder of mobile homes is in the same position as any other retailer or wholesaler in that he has an exemption for sales tax on the materials that he buys, so he can buy door frames and window frames and ceiling units and stoves and fridges, and he does not pay sales tax on those items; because he is reselling them there is sales tax paid on the whole completed home when it is sold. The sales tax is collected at a different time by the mobile home manufacturer than it is on the builder of houses, but it is becoming increasingly common for the builders of houses to purchase or to manufacture pre-fabricated units, roof trusses, window frames, doors, and this sort of thing, which involves perhaps an increasing amount of sales tax, which they pay and is then naturally passed on to the purchaser of the house when it is bought. So the sales tax is paid at different times, probably in differing amounts because of the vast difference in the sale price of a mobile home on the one hand and a permanent home on the other. So although the tax is not levied in exactly the same manner there is sales tax payable at different stages in the manufacture of those two different housing units.

The basis of it comes about . . .

MR. SPEAKER: Five minutes.

MR. WALDING: . . . Mr. Speaker, by the original principle behind the sales tax when it was first brought in. As the honourable member knows, the sales tax has been in effect now for some eight or nine years, and the principle when it was brought in was that sales tax at 5 percent would be levied on what is called tangible personal property, not on certain individuals, or groups of individuals, or classes of individuals, but what is called tangible personal property and the services thereto. Tangible personal property can be described in sort of rough terms as if you can pick it up and carry it, which is a fairly clear-cut distinction of what is sales taxable and what is not sales taxable. Because a house that is built on a building site cannot be picked up and carried away it is not subject to sales tax, although the materials that go into it are carried to the site and hence are taxable. As far as the mobile home is concerned it can be transported, moved from place to place and so it is subject to the 5 percent sales tax. For the information of the Honourable Member for Assiniboia, he might be interested to know that a mobile home sold for a second time, whether it is sold in place or whether it is sold for removal to another location, is not subject to sales tax. I suppose that the rationale for that is that once it is in place a mobile home can be considered to be equivalent to a built-in-place home and so if it changes hands it has not been subject to sales tax, and it would be difficult to separate one which is moved from the place or one which is left in situ.

One other difficulty is with definition when considering a mobile home. They're generally supplied as a trailer or a moveable home as such, although they're frequently put in one place and made more or less permanent. It then becomes a matter of how you would define a trailer which is a mobile home, and when does it become down to a holiday or a vacation-type of trailer, and when does it become smaller until it becomes a utility trailer or something else, something which would obviously and quite rightly bear sales tax. Where would you draw the line between what you would consider a trailer for permanent living in and a trailer for only partial living in. So that would become a problem and it's got around at the moment by labelling it tangible personal property, and as such it attracts the 5 percent sales tax.

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(MR. WALDING cont'd)

One other point to bear in mind, Mr. Speaker: I notice that New Brunswick abolished its sales tax on building materials in an attempt to reduce house prices and it was not found to have any effect whatsoever on the price of housing, and it's suspected that all that happened was that that difference in dollars went into the pockets of builders and the suppliers of building materials.

So, Mr. Speaker, the resolution as proposed by the Honourable Member for Assiniboia really would not do anything in real terms to solve the housing problems and there's no guarantee that even the minimal savings that there might be achieved would in any way be passed on to the buyers of mobile homes.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Would the member permit a question?

MR. WALDING: Yes.

MR. PATRICK: Would the member agree that \$500 saving in a mobile home is quite considerable to a family? That's what the tax would be, the sales tax.

MR. WALDING: I have no way of knowing if that is the amount of sales tax which is in fact levied and I will take the honourable member's word for it, but he is probably aware that not all trailers are sold in that manner, that a purchaser will go down to a showroom or a yard of trailers and pick out the one he wants, purchase it, and then pay his 5 percent on the top of it. There are many trailers that are sold set-up in the permanent position that they are going to remain in. The builder and the supplier who supplies the trailer in that position has already paid that sales tax, and the person moving into it then moves into it in the same manner as the person buying a new house, in which case he would not pay that \$500 extra.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, this resolution falls along the lines of other resolutions that we have had as far as they're related to the matter of principle of the application of sales tax and generally we would support the resolution. It's somewhat different although along the same lines of the resolution we voted on the other day with regard to removal of sales tax from insulating materials. And from these arguments, and others that have gone before in other sessions, what is clear is that there are a number of anomalies in the application of the sales tax that justify a look at it from an over-all point of view to try and remove some of these anomalies. Now the Member for Assiniboia has pointed out one that is a very clear anomaly here, and that is that labour is taxed in mobile homes but labour is not taxed in constructed homes on-site. The materials both end up getting taxed, but in the one case labour is free of tax and in the other case not. Now I think as a rule of thumb perhaps there have been figures used here, but as a general rule of thumb one often uses 50 percent for materials and 50 percent for labour, so if you use that figure here you can see that the 50 percent that is labour in the mobile home then means that if you have, in today's market, a ten to twenty thousand dollar mobile home you could get up to \$500 of extra tax because of the taxation of the labour that goes into it, and therefore puts the mobile home at a disadvantage as compared to the on-site constructed home.

Now one of the things that bothers me about the replies we're getting from the government is that they seem to view taxation as granting a benefit by removing a tax rather than the imposing of the tax being an imposition or a penalty on people. The replies we get back, and principally from the two gentlemen sitting side by side, the last speaker and his neighbour from St. Matthews, are that somehow to remove, you know, children's clothing from tax is to grant a gift to the people that they somehow maybe shouldn't be asking of government because government after all really knows how to spend the money better than they do, and quite to the contrary, the approach that we take to taxation is that the government if it has to tax us in order to meet its revenue requirements, that it doesn't look upon the removal of that tax as in any way a gift to people.

And I think with the number of anomalies that have been pointed out in resolutions here over the years what should be clear to the government is that they should take an over-all look to try and remove some of these anomalies. This one of between mobile homes and as constructed homes is a very clear one. There is an anomaly in the sales tax on children's clothing, it's on a size basis rather than an age basis. Now this was introduced in the House several years ago and as a matter of fact the government agreed to the advisability of the change

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(MR. CRAIK cont'd) in that on children's clothing but they've never instituted it. They did at the time, though, agree that they would look at it - as a matter of fact "consider the advisability of it," Mr. Speaker, but it was dealt to an extent sufficient to indicate that the government really realized that there was an anomaly here and a penalty being imposed on children who by birthright happened to be a little bigger physically than others. They never acted on it but they did recognize, in accepting the advisability of it, that there was a problem.

There's clearly a problem here and we'd like them to look at again whether or not they can't use sales tax to act as an incentive for people to act in certain directions, and we thought that, having it removed from insulating materials, people knowing it was removed from insulating materials, would realize that insulating materials are an extremely important thing to be conscious of and the government is trying to help them to be conscious of it so that they'll insulate better. And we think that taxation, sales tax, removal or application, can be used as an incentive or a de-incentive for certain things to happen, and we think that for this reason, and others that have been stated along the way, that they should seriously look at it.

Mr. Chairman, just a couple of more points. The Member for St. Vital said how do you define a mobile home versus a vacation home? I think that's pretty well done already. Parks, for instance, in some of the provinces, differentiate pretty clearly between what is a mobile home park and what is a trailer park. They do it on a foot-length basis. I think 35 feet, for instance, is the cut-off in Ontario - I don't know what it is in Manitoba. But I don't think it's a very difficult job defining what is a vacation home and what is a mobile home that you normally live in on a permanent basis. That's a pretty small problem.

There is also reference to the operations of the Manitoba Housing and Renewal Corporation and we hear this repeated several times, that very little was done on this by the former government. Let me point out two things: One is that it came into existence through the efforts, first of all, of the Federal Government by making funds available to the Provincial Government who created MHRC, and I think this was done perhaps in about 1967-68. It probably got operational in about 1968. The government changed in 1969 so there has been a fair amount of activity since, which is all well and good, Mr. Speaker, but let's point out something here that happens all too often. A provincial government is taking the credit for a federal government-sponsored program. The reason this program is active is that the money has become available on a very encouraging basis from the Federal Government. Every provincial government does it. This provincial government is no different than any other provincial government. They simply take the money under the very favourable conditions, they dispense it, Mr. Speaker, and they dispense it . . . They're very deft at putting their own sign up when they expend it. They put a very small line across the bottom, I think, sometimes giving credit to the Federal Government because of their part in it, Mr. Speaker, but 90 percent or whatever it is of the dollars and the risk and so on, comes from Ottawa, and it's all well and good for the Provincial Government to look good on one of these programs, but every once in awhile it's worthwhile for an opposition, even though they may not be the same stripe as the government in Ottawa, to point out that in fact the money and the incentive to get into that program and carry it out comes from, like in this case, very much from the Federal Government. I pointed out to the Minister of Urban Affairs, Mr. Speaker, that the program MHRC was set up in the late Sixties just before this government took over, just in time for us to give them a vehicle to do what they wanted to do and the Federal Government provided them with the money so that they could do it, and they've been having fun ever since. In fact, according to the Member for Fort Rouge, they've pretty well bungled it up but, you know, other than that, at least they've had their go at a new program that is now at this point less than ten years old.

So with those remarks, we would encourage the government to support the resolution, consider the advisability clause, have a look at the whole host of anomalies that exist in the Sales Tax Act, and try and tidy up these items that we keep bringing back in terms of Private Resolutions.

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

MR. WALLY JOHANNSON (St. Matthews): Mr. Speaker, I think that the Honourable Member for Riel should take up a new profession - that is, as a writer of pulp fiction, because what he just said about the history of public housing in this country and in this province is just a bunch of bunk. I could use unkind words but there are parliamentary traditions.

You know, Mr. Speaker, the provisions under the National Housing Act that provided

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(MR. JOHANNSSON cont'd) federal funding for housing were available to the previous government long before 1967. In fact, the government of Ontario, a good Tory government, started a massive housing program in 1964. And I give them credit. They did a damn good job in the field of housing. The NDP opposition in Ontario may not say as complimentary things about the Conservative government's program in housing in Ontario, but I think that considering the constraints that face them, they've done a pretty good job. And they made use of a federal program. They made use of federal money, which the Opposition party, which was then the government, was too stupid to make use of. The honourable member points out that 90 percent --(Interjection)-- oh they did it? Oh I'm sorry. I'm sorry. The Honourable Member for Seven Oaks, the Minister of Urban Affairs, informs me that they did it consciously so they were not stupid; they were simply perverse. Perverse. They were perverse. They had money available from Ottawa. As the member points out, 90 percent funding, capital funding is available from Ottawa under the National Housing Act, and they refused, because of an ideological block, they refused to make use of this money.

MR. ENNS: A hundred million dollars gift tax . . .

MR. SPEAKER: Order please.

MR. JOHANNSSON: Mr. Chairman, the Honourable Member for Lakeside is again chirping from his seat. The Honourable Member for Lakeside is again violating the rules of this House. The money was available under the National Housing Act, as the Member for Riel so clearly points out, but because you didn't believe in housing for low income people, because you didn't believe in the public, doing something to help senior citizens in housing, you didn't make use of that money. You didn't make use of that money, and you pointed out so aptly that this government did.

You know, our program isn't perfect. There are problems in it. The Member for Fort Rouge has pointed out some and there will continue to be problems. As long as we do things there will be problems. It's when you stop doing things that you don't have problems. So there'll be problems. I don't mind those problems. As long as we continue building housing I'll be satisfied. When we stop, then I will lose interest in being part of this government.

Now, Mr. Speaker, the Honourable Member for Riel proposed two different philosophies regarding the sales tax, both of which are to some extent contradictory. He said that their approach regarding taxation was that you don't view tax cuts as gifts to people, you view them as the removal of something that should never have been there in the first place. You say that you should tax only to raise the revenues you need for your programs. And then you said, almost in the next breath, that you should also use the sales tax as an incentive or a disincentive to achieve certain things. I guess if you want to produce more children you give people incentives to produce more kids. If you want less children, you do something with the sales tax to give people an incentive to have less children. I think you have a problem in your philosophy. You know, Mr. Speaker, when we hear the Honourable Member for Riel . . .

MR. CRAIK: Mr. Speaker, would the honourable member permit a question?

MR. JOHANNSSON: Yes.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Would he undertake to consider whether or not if insulation, over a period of a year or two, or five years, becomes important in the insulating of homes and saving of energy, and you wanted to create an incentive because of changing conditions, that the removal of the sales tax might in fact create that incentive?

MR. JOHANNSSON: Yes. As my prompter down here tells me, the incentive is in the savings in heat that you would achieve through having better insulation. But, Mr. Speaker, I won't let the member divert me from the point that I was about to make. One would wonder, judging by the comments from the Member for Riel, just who instituted that sales tax. You know, I often wonder when I hear him talk about actually whether we put that sales tax in, judging by the way he talks. Because --(Interjections)--

MR. SPEAKER: Order please.

MR. JOHANNSSON: I am told, Mr. Speaker, and when I check back in the journals of the House I find out that the tax was brought in by a Conservative government, and the tax when it was brought in had a certain principle, and my colleague from St. Vital enunciated that principle. The tax was not intended to provide incentives for people to do this or to not do that, it was intended as a tax on moveable, taxable, personal property which was moveable in nature,

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(MR. JOHANNSON cont'd) : . . . and the tax was intended to raise revenue to finance government programs. That was the principle behind the tax. Now, the people who brought in that tax in order to try to embarrass this government, are suggesting all kinds of amendments that would infringe upon or violate the principle of the tax they brought in. You know, one wonders, Mr. Speaker, about the mentality of people like this.

Mr. Speaker, I can agree with part of this resolution. I can agree with the first Whereas: "Whereas the cost of building individual housing has increased at an excessive rate during the past several years." The member pinpoints a very big problem facing us in our society, but the solution he proposes is a band-aid. It really is no solution to the problem he highlights, and the problem is a very severe problem. Nobody questions that. But the solution he proposes is a band-aid which really doesn't do anything to solve that problem. --(Interjection)-- The honourable member says it may help some people. My colleague pointed out that right now, with the price of trailer homes being what it is, the cost of a trailer home is less than half what a new house would cost.

I don't think that really attacks the major problem facing us, and I think the major problem really is providing housing for people who have lower incomes. These are the people who are really suffering today; and again, I don't question that there are many people who are being hard-pressed by the inflation that struck very severely in the housing field over the last year or so.

There was a fantastic increase in the last year or so in the cost of housing, the increase that hit Toronto and Vancouver some time before, and last year it finally spread across the country and it hit Winnipeg pretty severely. But, Mr. Speaker, the basic approach of our government, I think, was a fundamentally sound one. When we started our housing program in 1969 and 1970 - and by the way, we started the program. We started with an Act passed by the previous government, which really had no intention of building any houses. They passed an Act, which is a nice Act, and they staffed the Housing Corporation with two people and a secretary. My, Mr. Speaker, that sure shows a serious attempt at solving a housing problem in this province. Two people and a secretary were going to solve the housing problems of Manitoba under the previous government.

Well, of course, Mr. Speaker, under the previous government they did nothing. We took that Act, we took a shell corporation, and --(Interjection)-- No, we haven't hired 200. I think the staff is something around 80 or so now. It's a small corporation. There have been organizational problems because it grew so rapidly. It grew from nothing to a staff of about 80 in four years, and there were obviously organizational problems - and there will be again if the corporation continues to grow. But I think our basic approach was sound, and our basic approach was that if you are going to attack the housing problem for low income people, you basically have to increase the supply of housing in that area. And that was our initial approach.

Our initial plan was to build 20,000-some units of family and senior citizens' housing over a period of five years. We've fallen short. We have fallen much short. We have built about half of that. Our five years isn't up yet but we built perhaps half of that, a little less than half. But you know, Mr. Speaker, by our standards that's a failure, but by Conservative standards that's an immense success. Because they built nothing. We built 9,000 to 10,000 units of housing but we've fallen short. But I still think that that initial strategy was the correct strategy. You have to increase the supply of housing in the low income sector if you're going to provide the people in that area, not only with public housing but with private housing, because by increasing the supply in that sector of the market you keep down the pressure on rents. You hold down rent increases. Perhaps you might even . . . Well, I think it's being optimistic now to think that one can decrease rents but at least we could have held down rent increases and helped in this way. And this was part of the strategy. However, because of a number of problems, including organizational problems within MHRC, we've failed to realize that objective.

The main problem, of course, has been opposition from the City of Winnipeg, and we have talked about this previously. Since the advent of Unicity, over the past three years we've built virtually nothing in family public housing in Winnipeg, and as long as the City Council continues in its opposition to family public housing - and they're opposed to almost any kind of family public housing - we won't succeed in building very much unless the government is prepared to do a number of things. Now in British Columbia, the B. C. government is not bound by municipal zoning, by requirements from municipal building permits. If a municipality is

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(MR. JOHANNSON cont'd) fundamentally in opposition to low income housing programs, the B. C. government, if it feels that the need is there, can override municipal zoning and other requirements, and they can put in the housing.

Now I would be quite prepared, if the Cabinet is prepared to propose such a measure here, I would be quite prepared, let me tell you right now, to support such a measure, and since my colleague the Minister for Urban Affairs is here, I'll just advise him right now that if he wants to bring in legislation which would allow the province to override any municipal zoning powers, he has my support. I don't know whether he wants my support--(Interjection)-- However, he's getting the message but I don't know whether the message will bear fruit. He's smiling.

My colleague pointed out one of the fundamental flaws in this legislation and he pointed out the fact that in New Brunswick, where there has been a removal of sales tax on building materials, this hasn't resulted in the savings being passed on to the consumer, and this is really the fundamental objection to this kind of legislation . . .

MR. SPEAKER: The hour being 5:30, I am now leaving the Chair and the House will resume in Committee of Supply at 8:00 p. m.