

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
10:00 o'clock, Friday, May 1, 1970

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees.

INTRODUCTION OF GUESTS

MR. SPEAKER: At this point I should like to introduce our guests. In my loge on my left we have Mr. Jack Horner, Member of Parliament for the constituency of Crowfoot. On behalf of the members of the Legislative Assembly, I welcome you here this morning.

We also have with us 48 Grade 6 students of the Kent Road School. These students are under the direction of Mr. Bilawka and Mr. Tindall. This school is located in the constituency of the Honourable Member for Radisson. On behalf of the honourable members of the Legislative Assembly, I welcome you here this morning.

MR. SPEAKER: Adjourned debate on the proposed motion of the Honourable Member for The Pas. The Honourable Member for Fort Garry.

MR. WALTER WEIR (Leader of the Opposition)(Minnedosa): Mr. Speaker, in the absence of the Member for Fort Garry, could we have the matter stand please? (Agreed).

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

INTRODUCTION OF BILLS

HON. AL MACKLING, Q.C. (Attorney-General)(St. James) introduced Bill 61, The Private Investigators and Security Guards Act; and Bill No. 68, The Criminal Injuries Compensation Act. (Recommended by His Honour the Lieutenant-Governor.)

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

ORAL QUESTION PERIOD

MR. JEAN ALLARD (Rupertsland): Mr. Speaker, before the Orders of the Day, if I may ask a question of the First Minister. Could the First Minister inform the House of perhaps the position of his government to something that has developed and which I have been made aware of in the last day. It has developed over the period of the last few weeks, and if I may give the background so that the question becomes . . .

MR. SPEAKER: I believe the honourable member is aware that at this point questions are allowed, and if the honourable member could express himself in the form of a question as briefly as possible, I am sure that the House would appreciate it.

MR. ALLARD: Well, I would ask the First Minister what the government's reaction is to a resolution that was passed by the National Indian Brotherhood in its Prairie Meeting some ten days ago to the effect that they declared that the Indian people of the prairie region have no confidence in a federal employee who is responsible for negotiations very often with provincial departments. I think that the Indian people would like to know what the provincial government's attitude is toward negotiations that are presented by the federal government, or terms or discussions.

HON. ED. SCHREYER (Premier)(Rossmere): Well Mr. Speaker, it wouldn't be proper for the government of Manitoba or any province to comment on the acceptability of a federal public servant to any particular group of people, but with respect to the second part of the question I can tell the honourable member that ever since the federal White Paper was made public relative to Indian policy, we have stated the position of the government of Manitoba, and that is that we do feel it absolutely necessary that before any policy changes are agreed to between the federal and the provincial governments bearing on Indian policy, that there be full consultation with the people directly affected, that is to say those of Treaty Indian status.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, in the absence of the Minister of Transportation, I would direct my question to the acting Minister. Is the same policy of assistance in regard to repairing and filling the road washouts in effect as it was a year ago? They had a special assistance at that time.

MR. SCHREYER: Well Mr. Speaker, as I have indicated before, the policy that was in effect relative to flood damage compensation and also as regards the matter of flood damage to roads and other public works, remains in effect and the same machinery will be utilized to make

(MR. SCHREYER cont'd) . . . . . determination of the extent of damage.

MR. FROESE: Mr. Speaker, I was asked by municipal people the question and I thought I would just bring it forward so that I would have definite assurance of it.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I would like to ask a question of the Honourable Minister of Health and Social Services. Has there been a change of policy regarding the amount to which a person's private resources must be reduced before they are eligible for Social Assistance? This was \$500.00.

HON. RENE E. TOUPIN (Minister of Health and Social Services)(Springfield) The policy that we have now is the same that the previous administration had. This is being looked at right now, is being reviewed completely, and I must say that it is a matter of policy and I hope that some changes will be made but I can't give any indication at this time.

#### ORDERS OF THE DAY

MR. SPEAKER: Adjourned debate. The proposed motion of the Honourable Minister of Finance. The Honourable Leader of the Official Opposition.

MR. WEIR: Mr. Speaker, I would ask leave of the House to have the matter stand, please. (Agreed).

#### MOTIONS FOR PAPERS

MR. SPEAKER: Order for Return. The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I move, seconded by the Honourable Member from Arthur, that an Order of the House do issue for a Return showing:

1. Total estimated cost of the Asessippi Provincial Park.
2. Total cost of the Asessippi Provincial Park to date.
3. Amount of public funds spent for Asessippi Provincial Park for the fiscal year 1969-70.
4. Amount of public funds spent for Asessippi Provincial Park for the fiscal year 1970-71.
5. Amount of public funds contributed for Asessippi Provincial Park by the Government of Canada for the fiscal year 1969-70.
6. Amount of public funds contributed for Asessippi Provincial Park by the Government of Canada for the fiscal year 1970-71.
7. The number of employees who worked on this project during the year 1968-69.
8. The number of employees who worked on this project during the year 1969-70.
9. The date scheduled for the official opening of Asessippi Provincial Park.
10. The number of employees engaged at the above park at present.
11. The number of additional employees to be hired for the above park during the year 1970.

MR. SPEAKER presented the motion.

HON. PETER BURTNIAK (Minister of Tourism & Recreation)(Dauphin): Mr. Speaker, I must say I haven't had a chance to review the Order for Return and if I may ask to let this matter stand until Private Members' Day? (Agreed.)

#### GOVERNMENT BILLS

HON. SIDNEY GREEN, Q.C. (Minister of Mines and Natural Resources)(Inkster): Mr. Speaker, would you call Bill No. 38.

MR. SPEAKER: Adjourned debates on second reading. On the proposed motion of the Honourable the Minister of Mines and Natural Resources. The Honourable Member for Lakeside.

MR. GREEN: I note that the honourable member is not here so, Mr. Speaker, I assume that they want to have this matter stand. Could you call Bill No. 31?

MR. SPEAKER: Bill No. 38 stand. On the proposed motion of the Honourable Minister of Agriculture, Bill No. 31. The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): Well Mr. Speaker, I adjourned this debate yesterday not with the intention of holding the bill up; I simply adjourned it because I had not been in the House when the Minister gave his explanatory remarks and I wanted to have a look at Hansard and see as nearly as I could gain from the minister's remarks what was really involved in the bill, and I have to say this morning, Mr. Speaker, that this is one of the rare occasions when I can get up and say a few words in the House and be in agreement with the Minister of Agriculture.

I have to say, of course, that he is bringing forward legislation that really was being considered by those terrible Tories in the dark days of Manitoba when we were the government,

(MR. WATT cont'd) . . . .and as I look over his remarks, it looks to me as if the intent of the bill, which will be by regulation of course, pretty well conforms with the plan that we had been considering, and I want to congratulate the Minister on bringing forward this legislation which I believe will, to quite a considerable extent, help particularly in our livestock industry in the province of Manitoba and in the conversion that we hope is and will be taking place from straight grain farming into stock farming areas.

As I looked over the remarks of the Minister, I am not just clear on one aspect of his remarks, when he points out that there are three alternatives actually in this permissive legislation and I'm looking at the second, Mr. Minister, where you say that the second alternative is one where there is a provision for a clinic where the entire capital cost of the clinic is assumed by the province, administration cost is shared and so forth. Now what I'm wondering, Mr. Speaker, is this an area where these clinics may be established, where not necessarily there is a salaried veterinarian employed by the government and the municipalities involved in these areas?

Now this is a question that I would not ask him to answer now but that we might get some clarification on, but I would like to further, which I have done before, Mr. Speaker, congratulate him on the establishing of the agricultural service centre that will be built out in the area of the University of Manitoba, and I believe that this system of clinics throughout the province, working in conjunction with a central veterinary service area, should do a lot to alleviate the problems that we have for lack of veterinary service in the province of Manitoba at this point. I believe that we are down now to veterinarians to the extent of about 26 in rural Manitoba and with not much prospect at the moment of additional service in the form of technical people.

I would like to know from the Minister, of course, what the cost of these clinics is going to be and if the use of the buildings that I believe had been held in abeyance before the sale to the Department of Public Works or the Government Services could be utilized in this area, and what it might be costing to establish these clinics - that is, the capital cost for material, construction and so forth.

I have not seen the evidence at this point but was it the understanding some time ago that the Veterinary Association would be coming forward with legislation for consideration that one aspect of their proposed bill would be to license technicians in the province, where they could be hired by veterinarians and where they would be eligible then to go out and to provide some service in the veterinarian field and make charges, which is not possible now. I think this is one aspect that would fit into an area where a vet chooses to continue to operate as an individual but who desires the services of a veterinary clinic, and where he might possibly hire a technician to do part of the field work for him while he continued his work in the clinic area. These are some of the things that I pose to the Minister that I would like an answer to.

But I also would like to ask the Minister, Mr. Speaker, just what the acceptance is of this legislation and this type of agricultural services by the municipal people and by the Veterinary Association of the Province of Manitoba. And I'm wondering, Mr. Speaker, if this legislation has been discussed, or the draft legislation has been discussed with our farm organizations, and I'm talking about the Farm Union and I'm talking about the stock growers, about the poultry industry, the broiler people, the turkey people, who are vitally interested in this type of service and I am wondering what the reaction will be from these people in setting up such a clinic system throughout the province of Manitoba.

I think that this type of service, while it will work in conjunction with the central service being established at the University of Manitoba, at one time when I, as Minister of Agriculture, was considering such a service in the form of clinics and the central service in the province, we were at that time discussing the possibility of satellite service areas such as they have to some extent in the province of Manitoba and which I think have been developed to quite an extent in Alberta, and my understanding is that there, in conjunction with their central veterinary service at Edmonton in Alberta, they have, I believe, two satellite areas now, or satellite stations, one at Lethbridge I believe and another one was being established further in that province. I am just wondering if the Minister has considered looking into such a possibility in the province of Manitoba where we might possibly have satellite veterinary service areas possibly at Brandon, possibly at Dauphin, that service might be a little more widespread throughout the province. But I am particularly interested, Mr. Speaker, in what the reaction will be from the municipalities who are going to contribute a substantial amount actually to the maintenance and to the upkeep of these clinic areas. I note that the government will be responsible for the total capital cost and again I say that I commend the Minister for this position.

(MR. WATT cont'd)

So these are just a few remarks that I wanted to make this morning. Mr. Speaker. I again want to say that this is one of our happy mornings in the Legislature when I can agree with the Minister of Agriculture. Probably the next time I get up to speak we may not get along quite as well as we're getting along this morning, but I am quite in favour of seeing this bill go forward to Law Amendments and that we may hear probably some reaction from the municipal people particularly who are going to be responsible for raising money for part of the cost of maintaining these areas, and from the veterinary associations and from the farm organizations in the province. Thank you.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I would just like to direct a few words to the Minister in connection with the bill before us, which is an Act to amend The Veterinary Services Act. I note from the provisions of the Act that there is provision made for levies against municipalities to support a plan of this type, and the basis on which the levy is going to be made is the basis of the land assessment. Mr. Speaker, I question this way of raising a levy because we find in the municipalities that have a heavier assessment, you find you have more intensified cultivation and probably less land that is being used for pasture purposes. And so I question this very thing because it would be those municipalities that would probably have less in the way of a cattle population that would be required to pay more, and contribute a larger share than the municipality that might have a much larger cattle population and a much lower assessment. So I would like to hear the Minister's comment on this.

Then, too, has the government any idea as to what kind of a budget would be required for such a district and what such a levy would mean in the way of mills or monies all told? Perhaps he's had information of this type from other provinces or other areas where this is probably already in effect and where we could get the experience from.

Then, too, are the municipal people advised of this bill and as to what is taking place so that they can appear before Law Amendments Committee so that we could hear from them and get their reaction to what is being proposed right here?

One further question has to do with another provision and that is about the schedule of -- that is, is there a prescribed schedule of fees that the clinic may charge? Is there a tariff set up and will such a schedule be set up under the regulations, or what is the proposal, or is this matter left completely to the board that will be in charge and charged with the responsibilities of administering such a clinic?

I do not rise to oppose the bill at this time. I would like to hear the Minister's comments on it and also hear the representation in Law Amendments Committee, and certainly I reserve to question any further parts or aspects of the bill that might come up at a later date.

MR. SPEAKER: Are you ready for the question? The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): Mr. Speaker, I beg to move, seconded by the Honourable Member for Assiniboia, that debate be adjourned.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. GREEN: Mr. Speaker, I'm skipping Bill No. 42 because I see the Honourable Member for Swan River is not in his seat and for that reason only, and I would ask you to call Bill No. 40.

MR. SPEAKER: Adjourned debates on second reading. On the proposed motion of the Honourable the First Minister. Bill No. 40. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I have not had sufficient time to peruse the contents of the bill and I would ask the indulgence of the House to have the matter stand. (Agreed.)

MR. GREEN: Mr. Speaker, I note the Honourable Member for Sturgeon Creek is here. I see he's talking to the Leader of the Opposition. I was going to call Bill No. 54 if he wishes to speak on it.

MR. SPEAKER: On the proposed motion of the Honourable Attorney-General. Bill No. 54. The Honourable Member for Sturgeon Creek.

MR. FRANK JOHNSTON (Sturgeon Creek): Mr. Speaker, I wonder if I could ask the indulgence of the House to have this stand? (Agreed.)

MR. GREEN: Bill No. 16, Mr. Speaker.

MR. SPEAKER: Second readings. Bill No. 16. The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet) presented Bill No. 16, The Bee Act, for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, this is an Act that was before us at the last -- well not the last session, the session before. Perhaps some of you have not been made familiar with it. Essentially it's a housekeeping procedure. It takes away the jurisdiction with respect to the bee industry or honey industry from The Animal Husbandry Act and places it under this particular Act for the first time. It's a bit of recognition to the beekeepers of the province. It gives them some specific legislation which can be easily read and defined.

Essentially there are no major changes from what the old Act had under The Animal Husbandry Act, and I don't anticipate, Mr. Speaker, that there is really any area of debate here. I think that if members peruse the Act that they will likely concur without too much debate. It's just a housekeeping measure mainly and it's essentially designed to place certain controls to prevent the spread of diseases in the bee industry.

MR. SPEAKER: Are you ready for the question?

MR. BARKMAN: Mr. Speaker, I beg to move, seconded by the Honourable Member for Assiniboia, that debate be adjourned.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

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

MR. SPEAKER presented the motion.

#### MATTER OF GRIEVANCE

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I wish to speak on this motion, on a matter of grievance. I wish at this time to -- I see the First Minister is not in his seat but I would like to appeal to him in respect to the Auto Insurance report and the consequences. My concern is that there will be many employees displaced in this province, there will be many agents out of jobs, and I'm sure that perhaps the First Minister and the Cabinet can give this further study and further consideration before they act and the bill comes into the House. Because, Mr. Speaker, we're dealing with 1,100 agents in this province; we're going to have many employees, anywhere in the neighbourhood of 4,000 to 5,000 and it may be more. I'm very much concerned.

I was listening to the House Leader the other day and he tried to tell us that we all knew in this House where he stood on auto insurance. This is correct; we all did. But we were not sure that he was so strong in the Cabinet and in this government to influence such members as the Finance Minister, to influence such people as the First Minister, because these people were supposed to be moderate in this government. This is not the case. Mr. Speaker, when we were debating the South Indian Lake last year what did the Honourable Minister say? That the government of that day was strictly looking at the cost factor. What is he looking at today, Mr. Speaker? Is he not looking at the cost factor? Has he given consideration to the people that are going to be unemployed? Has he given consideration to the agents that are going to be unemployed? Does he believe in confiscating 1,100 businesses? This is what he's doing. Have you talked about compensation for these businesses? No.

Mr. Speaker, this is a serious thing at the present time and I appeal to the First Minister and I appeal to the Finance Minister to give this further study, to reconsider the whole thing, because the committee, the report did not give it any study in depth. And I'll try and go through the report and you will see that it did not.

Now my concern is that really this is worse than expropriation. When somebody expropriates property you get compensated for it. In this instance there have been many people in the Province of Manitoba have purchased insurance agencies probably at very expensive prices. Some maybe went into debt as much as \$40,000, \$50,000. They've mortgaged their properties; they've mortgaged their homes; they have outstanding debts in very large amounts. And what's going to happen? What this government is intending to do really is confiscate this business which, in my opinion, in the opinion of some lawyers, is contrary to the Bill of Rights of Canada, which is unconstitutional.

I'm not a legal person but I'm sure there will be people that will bring this up before the Law Amendments if the bill gets that far. I don't think it's right. I feel if the government will

(MR. PATRICK cont'd) . . . go into this operation, I feel the people and the businesses must be concerned. We just can't forcibly put these people out of businesses, and I think this is the first consideration and I would like to see the government really give this consideration.

Now, I'd like to just go back and really, is this not the same argument that we had in this House last year about South Indian Lake? -- (Interjection) -- Yes, it is, because all you're considering . . .

MR. SPEAKER: Order. Order please. While the honourable member was proceeding with his introductory remarks to this grievance, I've had opportunity to check Beuchesne and may I remind the honourable member, or refer him to Citation 234 subsection (2) of Beuchesne, which reads in part as follows: "Once debate is concluded on one matter and another matter intervenes, members cannot again discuss the former." Now this matter had received fairly thorough airing, or at least one aspect of it, a couple of days ago and I would doubt very much that the honourable member is permitted under our rules to raise this matter again on a grievance at this time.

MR. GREEN: I don't wish to differ with you, Sir, but I would indicate that that would not be our urging of the interpretation of the rule. The debate on Supply remains open until the Supply motion is carried, and I think that the honourable member is continuing within the same debate and I would not urge on our part that this debate has been intervened by other matters. I would ask Your Honour to reconsider as to whether that should be the position vis-a-vis the rules. I would think that if a member raised a grievance one day with regard to, let us say flooding, even in a certain area, and then if a person did not wish to speak that day but raised the same grievance the next day, that the rules would permit him to do so.

MR. FROESE: Mr. Speaker, on the point of order raised that we would not be allowed to bring in a grievance motion once you had discussed a similar subject on a previous occasion. Surely we cannot agree with that because then we also wouldn't be permitted to discuss the matter of what he is discussing under the second reading of the bill that is supposed to come in if we want to say through the citation that has been mentioned that the matter has already been brought forward once and cannot be brought forward again.

MR. GORDON E. JOHNSTON (Portage la Prairie): Speaking to the point of order, Mr. Speaker. It seems to me that a member has the right embedded in our parliamentary tradition to bring up any matter that he considers to be important enough to use up on the grievance motion, which he can only use once in the session. So that to suggest that because someone has mentioned the same subject before automatically takes away another member's right to discuss that subject, is in my opinion not a correct judgment at all, otherwise the peculiar right that is there would be lost. The member would be deprived of what has been his right for many, many years in the past if this type of a ruling were accepted and became a precedent. So I think, Sir, that in order that a member has a complete freedom to go by whatever his conscience dictates that he should have the right. It's not a privilege; it's the right to bring up any matter that he considers is of importance.

MR. PATRICK: Mr. Speaker, I wish to continue because it's a matter of grievance to me. I've had people come to see me this morning; they're concerned; and I wish to bring it to the attention of the House.

MR. GREEN: Mr. Speaker, I . . . can get out of the impasse and not necessitate a ruling. As Mr. Speaker knows, the House is always in charge of its own proceedings and I take it that no honourable member is objecting to the member continuing, and that relieves the Speaker from ruling on the question.

MR. SPEAKER: Well, if there is no objection to the honourable member proceeding, then certainly I agree with the House Leader entirely.

MR. G. JOHNSTON: Mr. Speaker, on the point of order. I don't think it should be left that way, that by leave a member should be allowed to proceed. I think he should be allowed to proceed by right.

MR. GREEN: Mr. Speaker, I don't suggest that leave be asked for. I just say that the House, being in control of its proceedings and not wishing to precipitate a ruling when none is demanded by any member, and without establishing a precedent, that if nobody objects the honourable member can continue and that doesn't constitute a precedent.

MR. SPEAKER: Well, it is with some reluctance that I would allow -- The Honourable Leader of the Official Opposition.

MR. WEIR: Mr. Speaker, I would hate to think that we were having something in a

(MR. WEIR cont'd) . . . . discussion of this kind without establishing a precedent. You know, Mr. Speaker, you did interrupt -- you did interrupt the debate and we did have a discussion, and so anything that is allowed, I think, by you, Sir, does establish a precedent one way or the other.

MR. PATRICK: Mr. Speaker, . . . the members have no objection to me continuing and I wish to do so.

MR. SPEAKER: I fully appreciate that the House is in control of its rules, and if it is the interpretation of the House that the rule to which I have referred honourable members does not prohibit a member from raising any matter of grievance on a subsequent occasion, I'm prepared to -- well, it's not that I'm prepared but I am bound to accept that interpretation. However, may I remind the honourable member of Rule 234 (1) and I do hope, because I was on the verge of rising to my feet a moment earlier, that I hope that the subject matter of his grievance does not refer to any matter placed on the Order Paper. Now the honourable member may recall that a couple of days ago the main issue which was raised as a grievance was somewhat removed from what appeared in the Order Paper, although it related to the question of automobile insurance, but it was not the main issue which was raised then, and I do hope that the honourable member will govern himself in a similar manner in his debate today.

MR. G. JOHNSTON: Mr. Speaker, speaking to the point of order, I think the Honourable Member for Assiniboia, the main thrust of his argument is the loss of jobs, not the auto insurance question.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I wish to thank you for allowing me to continue but I'm really concerned about this matter and we must appreciate that Winnipeg in an insurance centre for Western Canada, with Manitoba companies up here, operating in Manitoba, which this action of the government may not be 1,100 agents, 5,000 jobs, it may be 10,000 jobs. It just depends what the action will be of the companies. And I'm not talking here for the companies under no circumstances. I think that the government could do a job in many areas and introduce legislation that we can force the companies to improve their services to the people, without going into government monopoly insurance.

Now my concern is about confiscation of businesses, Mr. Speaker. Now I raised the point the other day to the First Minister because the Committee did not do their job. I know there isn't any accountant or actuaries in this city or anywhere that would look at that report and say they've done a job that you can say that it will be 15 percent cheaper by the government-run monopoly. There's no one that can do that, because you're comparing apples to oranges. There's two different things. You have the flat rating in Saskatchewan. You have the farmers pay the same as people in the city, which you don't have here; you have regional rating. You have collision -- everybody must buy collision; if you own a hundred dollar car or a fifty dollar car or a five hundred dollar car, or five thousand, everybody still has to buy collision. Not so in Manitoba.

There's so many different aspects in this whole thing that in no way the Committee did report. I think the Committee's report was inefficient, it was lazy, was restricted in scope, and in my opinion it was misuse of public money. Because I think if the Committee would have done its proper report it would have done a very comprehensive study and it would have also suggested some alternative methods of dealing with problems, and in fact what they have said, what some of the members have been saying on the government side, all we want to do is have a government monopoly type insurance, and that's all the report is. It produced, you know a document consistent with the thinking of the Minister of Mines and Natural Resources and in my opinion it's a political document.

I think the report also, if any one reads the report, in the whole report page by page it says, "we think," "we believe," "we assume." It's full of assumptions. Why didn't they study the rate system? Why? So the whole report is full of assumptions. The philosophy supporting the report can be used for government takeover of any business there is. If we refer to Page 41 in the report, you will quite readily see, Mr. Speaker, on Page 41: "Automobile insurance becomes comparable to any other public utility, the services of which individuals, through a common need or compulsion, must obtain. Philosophically," -- I underline it again -- "Philosophically, therefore, society as a whole should assume responsibility for providing the service at a minimum cost."

Is it not true, Mr. Speaker, that this would apply to bakeries, to banking, to trucking



(MR. PATRICK cont'd) . . . . industry, to life insurance industry, to stores, to mining, to everything in this province, because this is a direct quote from the report, what it states. What's going to happen to auto bodies, and really you're going to have an adjuster go to one auto body and say, "How much is it going to cost to fix this car?" You're going to go to another one, and then you're going to have a difference of opinion. In the first place, the government within a couple of years will be operating body shops in this province, in this city, with this type of attitude. And . . .

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs)(Selkirk): Mr. Speaker, may I ask the honourable member a question?

MR. PATRICK: No, not until I finish. Mr. Speaker, the other point that I wish to point at where I'm right that the committee did not do its work, on Page 27 the expense factor, the claim is made that the expense ratio of the Saskatchewan Automobile Accident Insurance coverage amounts to approximately 15 percent, indicating that the payout to the public in the form of claims amounts to 85 for the premiums collected, and this is what the First Minister said the other day. It should be noted that this applies only to the portion of the coverage that is written under the Act, and that is the full coverage in which the industry's expense ratio is calculated should be considered. One must add to the Automobile Accident Insurance the figures for the package or extension policy. When these are averaged, the combined figure for 1968 for the Automobile Accident Insurance Act and Saskatchewan Government Insurance operations on package policy would indicate a return to the public of only 79 percent and not 85, because what they're indicating is just the minimum coverage that you've given us. And the returns from the private industry for the year 1968 would indicate that the private industry in Manitoba will show a payout of 70 percent or more of its premium income in claims. And only last week, I understand the Premier of Saskatchewan had stated that auto insurance in Saskatchewan, as far as savings is concerned, is very marginal. It's very marginal. This was just stated last week.

Mr. Speaker, the other point, I believe that the committee did not have proper time for complete study because I think the order for approval by Cabinet was given on the 29th of October, was approved on the 31st, and the notice for hearings to be included was on November 17th. This is a very short time for such a comprehensive study, Mr. Speaker.

Report on Page 10, admission by Committee that no attempt was made to analyze methods of establishing rates. So, under what conditions can the government say that we'll save 15 percent? The report itself states, the Committee states they've never undertaken to even study rates.

Mr. Speaker, the report on Page 18, the Committee suggested insurance companies are interested in reducing claims so they can make more money, and will not the government be interested in reducing claims as well so they can save the money for their government-operated insurance? I'm sure that everybody would agree with that. Also, on Page 20, the Committee states the fault lies with the complex system itself. They've done no study. All they've -- again it's assumption, it's the high cost of insurance because of the complex system.

On the report on Page 23, the Committee makes an assumption as to why the Wootton Report was not accepted in British Columbia. There have been changes made, but why didn't the government of British Columbia go into a Crown monopoly-operated insurance scheme? Why didn't Alberta go in it if it has so many advantages? Number 12 - or Pages 28 and 29, the only criteria, the report states, is the cost-saving factor. And Mr. Speaker, if we assume that cutting out the middle man and profits will save to the consumer, and cost is the only criteria used, can this argument not be used for government takeover of almost every business that exists?

On Page 31, the report indicates of putting surcharges on the basis of traffic tickets. To me, Mr. Speaker, this is introducing criminal law into civil law. This is one way that you would raise some money for the government-operated insurance.

On Pages 32-36, the report talks about a no fault system and that the Unsatisfied Judgment Fund is useless. Mr. Speaker, there's no one in this House that wouldn't agree with this statement. I agree with it, and the Minister of Municipal Affairs is bringing up a red herring by talking about no fault system in Saskatchewan because there is no such thing. There's the same kind of no fault system in Saskatchewan as there is in Manitoba at the present time - at the present time. The only difference is that in Manitoba it's on a voluntary basis, and I believe the industry and the agents a few years ago made a recommendation to the



(MR. PATRICK cont'd) . . . . government that it be made on a compulsory basis. It was not done. In fact, Mr. Speaker, I could point out to you that the present no fault compensation in Manitoba is on a . . .

HON. JOSEPH P. BOROWSKI (Minister of Transportation)(Thompson): Mr. Speaker, could the member submit to a question?

MR. PATRICK: No, I won't. I will when I'm finished. Mr. Speaker, let me tell you about the no fault in Saskatchewan. No fault in Saskatchewan, in case of accident benefits, there's a 10,000 maximum coverage with 5,000 for the husband or the breadwinner, 1,000 for a wife, and 1,000 for each child, and again, 10,000 maximum; \$25.00 per week for a breadwinner for a period of 104 weeks, if he's still disabled for another 104 weeks. In Manitoba at the present time, there is no maximum. There's 5,000 for husband, there's 2,500 for wife, 1,000 for child, \$35.00 per week for a breadwinner, and the same period of 104 plus 104 if still disabled, but this could be bought in more units if necessary. So our no fault provision in Manitoba is much more comprehensive than the one in Saskatchewan, so we have the same scheme as they have up there.

I see the Minister, the First Minister is back in his seat, and I wish just to repeat one statement that was said before. I wish to appeal to him to study this thing further, because there is great concern about the agents in this province; there's great concern about people that will be unemployed; and I say to the First Minister, this debate is no different than we discussed the South Indian Lake. We talked about 600 people, and that time the Minister of Mines and Natural Resources made strong arguments that the cost alone should not be considered. What are we doing here? Are we not considering the cost alone? What are we saying about the 1,100 agents? Are we going to confiscate their businesses? And many of these people owe considerable amount of money on their businesses.

So, Mr. Speaker, I could go clause by clause, with the present coverage in Manitoba, the present coverage in Saskatchewan; I can prove to you that we have much more comprehensive and superior coverages than they have in Saskatchewan. Anybody -- liability, there's a minimum of 35,000 in Saskatchewan, there's a minimum of 35,000 in Manitoba. Generally speaking, the agents offer and try to sell more than 35,000 so I'd say that people carry much higher than the 35. I'd say the average would be between 50,000 and 100,000. We go to collision, you have your choice of what collision you want to buy. Many people cover \$25.00 deductible. In Saskatchewan, you have to buy \$200.00 deductible if your car has any value at all. You still have to pay for that collision of \$200.00 deductible. If we go to comprehensive, they get \$200 comprehensive; we could have none or \$25.00 comprehensive.

I'll raise another point, Mr. Speaker, -- (Interjection) -- I'm not reading. I've just got a few notes here. Your gratuitous passenger. There is no passenger hazard provision in Saskatchewan. There is here in Manitoba. And Mr. Speaker, I can demonstrate to you, tell you I know what I'm talking about, because I'll read a letter to you from Saskatchewan Government Insurance, and this just happened recently. I'll table it . . .

MR. SPEAKER: Order, please. I have been listening to the honourable member most intently but I fail to see how a dissertation on the comparisons and contrasts of the Saskatchewan Insurance Plan and what's available under private industry in Manitoba could be a subject of a grievance.

MR. PATRICK: Mr. Speaker, I'm trying to demonstrate that we will have in fact much inferior coverage than what is presently provided, and I would like to read this letter and it's about an accident claim. "Dear Sir. Auto Accident, November 6, 1969. We have been instructed by our principals, the Saskatchewan Government Insurance Office, to deny all claims pertaining to this accident case. As the operator of the McFarlane vehicle violated his insurance policy, would you please direct your claims directly to Mr. McFarlane and the operator of this vehicle, Mr. Powers. Yours truly." This was Government of Saskatchewan -- you know what the claim was in this instance? \$3,600 -- over \$3,000.00.

MR. GREEN: You've seen no such letters in Manitoba?

MR. PATRICK: No, Sir.

MR. GREEN: Because I've seen lots of them.

MR. PATRICK: No, you didn't. There's a claim denied, and somebody lost in Manitoba \$3,600 because the driver of the Saskatchewan Government Insurance violated one of the provisions of his policies. There was a policy in force. And there it is. The people in here have to suffer. Mr. Speaker, I can bring you people that I've had instances I'm familiar with in

(MR. PATRICK cont'd) . . . . accident claims, where there was 100 percent liability on the driver from government insurance, you had to get legal action, you had to sue, what people that had severe injuries or broken legs and so on, out of a job, unemployed, it was very difficult to get any compensation. So this is what you have to put with in Government of Saskatchewan Insurance.

MR. BILL URUSKI (St. George): This doesn't happen here, eh?

MR. PATRICK: It may happen here. That's my I'm appealing to the First Minister - make some changes. I think that the present system can operate. Make some changes. You have to realize that again, Winnipeg is the insurance centre for Western Canada. This dislocation may eliminate 10,000 jobs, not 1,100 agents. So I'm appealing to the First Minister to give it study because there's no demonstration and I challenge him on his statement, on his answer the other day, that he said it's 15 percent less. But nobody, there's no accountants, no lawyers looking at that report can say this is the case. Because nobody can -- I challenge you, because you can't answer it, because the committee did not even study the rate schedule. Why didn't they? Why not, if you're interested, I'll agree with you 100 percent, go into government operation insurance, allow the private companies to continue and if you're going to offer better service they'll have to fall by the wayside. I think it's reasonable, and I agree that changes have to be made. The Liberal Party have made a study of this thing in depth with people that were not necessarily insurance people and we have no argument of government going into . . . if they will allow it to compete with other industries. I think there is room for improvement in legislation and I think it's the government's duty to bring in legislation if they feel it will improve the operation. Why not? As I say, when your compensation without fault was introduced in Manitoba, at that time the agents and the insurance people I'm sure said put it on a compulsory basis and if you would have, we would have the same coverage superior than you have in Saskatchewan, so all we are talking about, is it 15 percent less or is it not? A very small argument, and still no proof, no substantial proof. I think by legislation, I believe that the minimum liability limits of \$35,000 is insufficient, I think it should be \$100,000. I feel that no fault clause should be on a compulsory basis. I think Unsatisfied Judgment must be changed because it doesn't serve this purpose. I believe in compulsory insurance and there's no problem with that. British Columbia is doing it. So I think many of the basic principles that the government wishes to do they can do with a private sector at the present time and this is my concern - why aren't they doing it?

Now I am concerned about the employment . . .

MR. SCHREYER: Mr. Speaker, I hate to interrupt my honourable friend but there is an announcement which I believe will be of interest to all honourable members and because of the time element I was wondering if I could have leave for just a minute or two to make the statement and then we can revert to normal business before us. (Agreed.)

#### STATEMENT

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, it is with pleasure and I think all honourable members will share this, that I announce that Hudson's Bay Company today announce that a special shareholders' meeting will be held May 28th to consider a recommendation from the Board that the Head Office be transferred from the United Kingdom to Canada. In making the announcement the Governor, Lord Amory said, and I quote: "The Board is convinced that in the long run the company's future development can best be assured if its corporate head office is located and board meetings are held in the country in which its main operations are carried on. Ninety-five percent of the company's assets and 98 percent of its employees are located in Canada. The first step in the transfer procedure, approval by the United Kingdom Treasury, has already been taken. The second step is approval by the shareholders of petitions for supplemental Royal Charter to Canada and the United Kingdom. Under these two new charters the company would remain incorporated by its original charter of 1670 but become a Canadian Corporation for practical purposes subject to the Canada Corporations Act. The final step would be the issue of the two new charters by the United Kingdom and Canadian Government. If the transfer is approved, and this is anticipated now, the head office according to the by-law recommendation will be located in Winnipeg, Manitoba, and dividends will in future be declared in Canadian dollars." The announcement was made on the eve of the 300th anniversary of the company incorporated 2nd of May, 1670 and I believe that the announcement has been made in

(MR. SCHREYER cont'd) . . . . London about 20 minutes ago.

MR. SPEAKER: The Leader of the Official Opposition.

MR. WEIR: Mr. Speaker, if I may with leave as well, just express my appreciation to the First Minister for making the statement and making it as early as he could in the House. I am sure that we all join with all other Manitobans in hoping that it does occur and in welcoming the Head Office of the Hudson's Bay to Manitoba on our Centennial along with their 300th anniversary.

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

MR. G. JOHNSTON: We, too, wish to associate ourselves with the statement made by the Premier. I don't want this to take on a sour note sound, but the company for many hundreds of years have been earning their profits in this country and I'm glad to see that they realize that they should maintain their offices here as well.

#### MATTER OF GRIEVANCE (Cont'd)

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I just have a few more comments and I'll be finished. I just again stress to the First Minister I think the committee did not do a good job. I think the problem should be studied more. I'm sure that he must be aware, and I can tell him if he's not, I can bring sufficient documents and this is true, when Premier Thatcher came into Saskatchewan, in one school division, when he allowed private companies to compete for the business, in one school division alone, it saved 50 percent in premiums, 50 percent. If you want I can get you the information or the full documents. So who's to say that the Crown monopoly government operated can be the cheapest?

Of course the committee report also talks about no subrogation against Medicare and hospital premiums. Mr. Speaker, I understand the hospital alone that collects from the insurance companies is in the neighbourhood of \$4.1 million. I don't know what the medicare is, it must be in the million dollars, so again this has to be taken into consideration in the whole scheme as well, and if you are not going to charge or subrogate against insurance, what you are saying is that every single person, the old age pensioner, through money that comes out from the general revenue has to subsidize the government monopoly operated insurance. And is it not true if you wish to proceed with automobile the next step is any other kind of insurance, be it life insurance, be it fire insurance, and are you going to say, we are going into the life insurance business in Manitoba, we will preclude anybody from writing it and the government can only write it, and you are going to force all the other companies out of this province? Well that's the next step.

MR. URUSKI: Are you asking or telling?

MR. PATRICK: I'm telling you not to do it.

Sure the insurance rates have gone up, is it not true because of inflation? A couple of years ago you had in any body shop in Winnipeg where the rate was \$4.50 an hour, today it's between \$8.00 and \$9.00 per hour. This is one of the factors. And the cost of the repairs or the parts, it's the same thing, there's no comparison in a matter of 3,4 years. So inflation is a big factor and you have not demonstrated in any way to say that it would be cheaper by 15 percent because you have made no study in that respect. To my knowledge, there is no such thing so until such time as this would have been done, then -- (Interjection) -- all right so you say if there is -- you may reduce by 10 percent. I'm sure in the province of Manitoba today there's many more important issues right now today. I mean the problems of downtown Winnipeg, your transportation problem, your tax on property, economic development, surely this government has much more important things than to say all right, if the insurance policy costs \$100 we may, we may not, but we may save somebody \$100 - or \$10 on a hundred dollars. If you're so concerned and interested, why not set up a Crown corporation but say all right we'll compete and if we are more efficient let the others fall by the wayside, fine, I have no argument. Because there's no argument, there's no basis and there's no one, no actuary in the city of Winnipeg will look at that report and to anyone they'll say it's a joke because even the committee from the start, were they really prepared to study this problem? If you look at the terms of reference, No. 1. To investigate the feasibility of instituting a program of public automobile insurance; and then you have an added feature on it, it says "and to hear and consider representations respecting all aspects of insurance." So your mind was pre-determined right from the start, right from the start, you had no other course, you weren't interested if

(MR. PATRICK cont'd) . . . . it was going to be more efficient, if it was going to be more cheaper, but you were acting strictly on a political or philosophical basis. Is this not true? If you don't believe it look on Page 41, that's what it states in here on Page 41. "Automobile insurance becomes comparable to any other public utility, the services of which individuals through a common need or compulsion must obtain. Philosophically therefore society as a whole should assume the responsibility for providing the services at a minimum cost." Well Mr. Speaker, this applies to bakeries, to grocery stores, as the Honourable Member from Crescentwood has indicated already on many occasions; it applies to trucking industry, to life insurance industry, as the government has released news information bulletins that they'll be going, because you will find you can do this in every sector. Is it not true? -- (Interjection) -- Okay, I'd like to know what, if you are going to confiscate 1,100 businesses in this province, are you going to make some compensation. Again there's many people have many outstanding debts that have purchased some of these businesses in the last few years and personally I don't think it's constitutional; I think it's against the Bill of Rights. Is this the government . . .

MR. GREEN: Can the member answer a question? The Conservative Government in the last three years was studying what to do about automobile insurance; studying, had a committee to do it. And you are saying that people bought businesses in the last three years? Did they not know the question was being studied? They knew the Conservatives wouldn't do anything about it that's why they bought them.

MR. PATRICK: I don't have to talk for the Conservative Government I feel if they would have brought in some legislation, we probably - the worst thing that we brought in the legislation is the \$25 -- (Interjection) -- that's No. 1. No, I'm telling you what -- I can't speak for the Conservative Party, Mr. Speaker. I wish the Minister would ask the Conservative Party not me what they think, but I made some recommendations to the House that could be done within the present system, that you can improve it, and as I indicated clause by clause that right now in Manitoba it's much superior.

You have no coverage for your gratuitous passenger in Saskatchewan, in Manitoba we have to prove gross negligence. I think this should be removed, gross negligence should not be required to be proven before compensation should be paid. I stated that and I've tabled, I believe, or read a letter here from Saskatchewan what's happened recently which under the present system in Manitoba this does not happen. It doesn't happen -- (Interjection) -- right there. I don't know if the Minister heard or not me reading the letter, "We have been instructed by our principals the Saskatchewan Government Insurance Office, to deny all claim pertaining to this accident as the operator of the McFarlane vehicle violated his insurance policy." Mr. McFarlane is a policy holder of the Saskatchewan government, the claim was to a Manitoba car that was, I understand, parked on the street, for \$3,600; so somebody is out \$3,600.00. Is that right? So is that superior coverage in Saskatchewan?

Mr. Speaker, again let me say I hope the Minister will use his good judgment to review this thing a little more in depth, not the way that the Minister of Municipal Affairs said. I know that the First Minister is more reasonable and he should see to it, but my concern is I think that the House Leader is probably beginning to be the strong man in caucus and maybe getting his way much more than he should and this is probably for the -- (Interjections) It is. It is.

MR. GREEN: . . . could be to split the party.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): You don't need to worry about that . . .

MR. PATRICK: So, Mr. Speaker, I hope before the bill is tabled that we'll have some answers in respect to the businesses themselves and the people. I think the people should get some compensation.

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: I wonder if the honourable member would be prepared to answer a few questions for me? The honourable made a statement that 1,100 agents would be out of work in the Province of Manitoba. The questions are as follows: . . .

MR. PATRICK: I said approximately 1,100.

MR. PAWLEY: Approximately, that's fine. My questions then are as follows: 1. Could he advise the House as to how many of those 1,100 agents are involved only in the business of selling insurance? -- (Interjection) -- No, all kinds of insurance.

MR. PATRICK: Was your committee not studying the insurance problem in Saskatchewan?

MR. PAWLEY: You made the statement. I'm asking you for some answers if you wouldn't mind. -- (Interjection) -- Well I would like to provide you with some answers if it's necessary, but I can't under the rules, and I was wondering if you knew the answer to the question that I'm asking you now. -- (Interjection) --

MR. PATRICK: I'll answer. Any agent that is not in full time in insurance, I'm sure he must have one or two people on his staff that are full time, so if you are not going to displace an agent or take some business away from him, you'll have probably displaced an employee, somebody on his staff. -- (Interjection) -- Well will there not be a reduction in staff?

MR. PAWLEY: Secondly then, if we could just pursue this matter just a little further. You are unable to provide me -- could I ask my question please? You are unable then I understand to provide me with the number of agents out of the 1,100 that are involved in the selling of insurance only, not involved in travel businesses, investment houses, real estate, and others -- lawyers?

MR. PATRICK: Yes I can. Mr. Speaker, I'll say if the Minister would have had any compassion for the people in the business and if he would have been doing any kind of a job, this would have been his consideration. The matter of the fact is he had none.

MR. PAWLEY: Mr. Speaker, I would like to follow it up with a further question if I could. Is the honourable member aware of the number of agents that are licensed to sell automobile insurance in the Province of Saskatchewan? Secondly, if so, would he advise the House whether there are more agents licensed to sell automobile insurance in the Province of Saskatchewan or less than in the Province of Manitoba?

MR. PATRICK: Mr. Speaker, I'm not aware how many are licensed in Saskatchewan; this isn't a problem. The point is, there is the man that did the whole study - what does the report say?

MR. PAWLEY: . . . permit me to provide the answer to him? Would he be prepared to permit me to provide the answer under the rules of the House? -- (Interjection) -- There are over 2,000 agents selling automobile insurance in the Province of Saskatchewan.

MR. G. JOHNSTON: On a point of order, Mr. Speaker. Is the Minister now speaking on a grievance, is he using up his grievance? -- (Interjection) -- Well are we operating by rules or not. Mr. Speaker, on a point of order, I ask you if the Minister by taking part in the debate has now used his privileges under the grievance motion?

MR. SCHREYER: Mr. Speaker, if this is being raised as a point of order, the Honourable Member for Portage will have heard the Minister say "will the Honourable Member for Assiniboia permit me to answer the question," so in other words, -- (Interjection) -- well he had asked the question, then he said will you permit me to answer it?

MR. G. JOHNSTON: Is that regular parliamentary procedure?

MR. SCHREYER: No, but in no way could it be construed as having participated in the debate. It was a question and answer situation.

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance)(St. John's): Would the Honourable Member for Assiniboia permit me to ask him a question? Could the honourable member inform the House, of his own knowledge, how many insurance agents derive their sole livelihood from the sale of automobile insurance? -- (Interjection) -- Mr. Speaker, I was directing a question to the Honourable Member for Assiniboia who is not bound to answer, but certainly the Honourable Member for Roblin doesn't have the right to participate in either the question or the answer.

MR. PATRICK: Mr. Speaker, I would say the majority of the 1,100 agents would.

MR. CHERNIACK: A supplementary question. Is that of his own knowledge that he makes the statement?

MR. PATRICK: Yes it is.

MR. PAWLEY: Has the honourable member had opportunity as of yet to have read the speech given by the Honourable Minister of Highways in the Saskatchewan Government to the Saskatchewan insurance agents approximately one month ago, in respect to automobile insurance . . .

MR. SPEAKER: Has the Honourable Minister a question?

MR. PAWLEY: Yes, my question is: has he read this speech as of yet? I'm trying to identify the speech.

MR. PATRICK: No, I haven't.

MR. PAWLEY: Would you like a copy?

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Would the honourable member permit a question, Mr. Speaker?

MR. PATRICK: Yes.

MR. F. JOHNSTON: Could the honourable member tell us how many insurance agents who lose automobile insurance only, would put them in a financial situation that would mean they would lose their homes and have to let employees go?

MR. PATRICK: I would say that over 50 percent of any business in any agent's insurance office, over 50 percent would be automobile business.

A MEMBER: Right.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, could I ask a question of the member? How many insurance agents in your constituency would you feel will be put out of business by this legislation?

MR. PATRICK: Mr. Speaker, I'd like to answer. I don't know, but I think the report should have given the answer if the Minister was sincere.

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

#### COMMITTEE OF SUPPLY

MR. CHAIRMAN: We're dealing with the Department of Finance. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, at the close of discussion of the estimates on Finance last night, I was discussing the matter of natural resources and its development and taxation. I just wonder whether the Minister of Finance could give us a brief definition and outline as to what the tax situation is as far as contributing, a province contributing toward the Federal Government from the revenue of its natural resources within a province. We note that certain provinces are contributors. I imagine this tax would be levied against the companies, would it? It's not the province that has to make the remittance but that the various companies doing the development would have to contribute this tax. I'm not sure at this moment just what this tax calls for, on what it is based, whether it's on the total revenue of a company or, like the provinces of Alberta and British Columbia, they are paying tax toward the Federal Government from their natural resources. Whether this is as a province or as individual companies operating within the province, I'm not sure on that. I was wondering whether the Minister of Finance could inform us on this, and whether we in Manitoba, with all the development that we have in northern Manitoba and the nickel development, will we ever get into a position where we could be a contributor from our natural resources to the Federal Government?

This is one of the questions that I would like to direct to the Minister of Finance because at the present time we're all, or we have been gaining over the years through the equalization grants, and part of these monies that we get through equalization grants are the various taxes that other companies and other provinces have to contribute to the Federal Government and which are then equalized and shared by other provinces. Because we have a large nickel development up north and we in this province, I think, are getting much too small a share in the way of revenue from our natural resources development up north. There has been some indication that legislation would be brought in. We don't know as yet what this legislation will be and to what extent it will apply, and whether this will actually increase the amount of revenue that we are getting. I don't know whether the Minister would care to comment on it at this time but certainly if there is something coming in this way I would appreciate being informed.

Now, the Minister the other day made quite a lengthy statement in connection with one of the resolutions on the Order Paper and has on previous occasions made a statement and provided us with a statement in connection with the various tax proposals made under the Tax Structure Committee of the Federal Government, and I note that the government also poses a large number of questions as to how things are to come about and in which way levies will be made, and also in connection with the capital gains tax, especially on Page 9, there is a question here on the . . .

MR. CHERNIACK: Would the honourable member clarify what document you're now referring to.

MR. FROESE: This is a briefing paper for Manitoba participation in Ministers' of

(MR. FROESE cont'd) . . . . Finance Committee on Federal Tax Reform, Ottawa - that's 11th and 12th of December, 1969. And they were also questioning the matter of evaluation. If I can quote: "(a) When capital gains are deemed on evaluation day, how are the taxes to be paid if (i) there is no market for the assets involved or the sale must be at a loss; (ii) there is no reasonable way of realizing cash to pay the taxes."

I know this is a problem right now as far as evaluation of estates, especially the farm estates. They put on values as to what some of the land has been selling at in recent times, but when a large estate is involved you cannot sell and cannot dispose of an estate at that price. Therefore, I think those evaluations that are often put on estates are not valid, and I am just wondering, when the Federal Government brings in a program of this type, and I agree with the question that is being put here, but at the same time I'd just like to know what is our government's attitude on this, and have they any formula to propose themselves as to how these things should be done? And certainly, because I have the feeling that they rather support, and I think they've indicated that they support a capital gains tax, if they do so, if they go along with it, certainly they must have considered it and given some analysis to it as to how they would impose such a tax and how they would go about it. And under a formula that they most likely have considered, how much revenue did they expect from the people of Manitoba?

I think the report goes on to indicate that they feel that taxes of this type should be levied by the Federal Government, not the province, but certainly there is no reason, if they really believe in a capital gains tax, there's nothing there to prevent them from implementing one in Manitoba, if I'm correct, because on another occasion I think they state that on the matter of sharing all tax fields that you're quite prepared to do that. I forget the exact place where I read it but I can ferret it out some time and quote it to them.

Personally, I do not hold those views. I don't think we should have all the tax fields jointly. I may be wrong. Maybe the setup as we have it today, with joint tax fields and equalization grants, is the right one. I would like to, certainly want to study it some more on my own. A study was made by the Sirois -- what is it. . .

MR. CHERNIACK: Rowell-Sirois.

MR. FROESE: Oh yes, an investigation quite a number of years ago, and brought in what we have today to a large extent. Whether a review should be made of their findings, I think this is probably what this present committee that is working on it is charged with to a degree. I read from the Federal-Provincial Conference, I think on Page 33 we find the terms of references of the Tax Structure Committee, and I think the terms are quite open and have a wide range, so that almost any matter could be considered by the committee if they so desired. Certainly the shared cost programs are a matter that they will investigate, and we heard the Minister last night, when speaking on bringing in the budget report, that a lot of these programs are being terminated and that we will not be getting the same amount of revenue toward these various programs and that some will have to either be reduced or terminated here in Manitoba. What are we going to get in its place? Is there nothing to be brought in to substitute the various programs? And where do we go from here? Probably some of these items will be discussed by other members of the committee when they discuss the Budget Speech, but in my opinion it would be much more valuable to have some of the discussion here in committee than to just speak on it and let it go at that.

I'm not sure whether this government accepts the White Paper in its present form or just what portions they accept, to what degree. I note matters are raised in this same brochure that I referred to earlier. I think much of the matter should be spelled out in greater detail and more definite terms. At least I have a lot of reservations on the White Paper and I do intend to speak on it some time when we discuss the resolution that's also on the Order Paper and to which the Minister has already spoken, because I did get some material from British Columbia on this as to what the B.C. Government's attitude is on this and I certainly want to bring in some of their views on the deal too, because I certainly can't go along with what is being proposed.

In principle, I don't subscribe to capital gains tax at all. I feel that we need an area, at least, to bring about development. If we are going to close this last gap that is still there, I think we will stifle development in this country and that a lot of the capital that is presently and has been coming into Canada over the years, that this will be stifled and that we will receive less and less of it. And we need this capital in Canada. Although some of the members might think that really they're not risking capital the way they're getting away with concessions



(MR. FROESE cont'd) . . . and deals that are being made, I don't go along with a lot of those things and I think I have made this known on many occasions. I do feel that, as far as our natural resources are concerned, that they belong to the people of this province and this country and that we should not just give them away. I feel that they need to be developed; I think private industry should be given a chance to develop; and if this is not done, then certainly other means have to be found. I also feel that they should have a fair return on their investment but not a give-away.

So, Mr. Chairman, I don't want to prolong the debate on the Minister's salary any further, but if he has anything to provide the committee with, I certainly would appreciate it. I think I'll let it go at that.

MR. CHAIRMAN: Resolution 35. The Honourable Member for St. Vital.

MR. JACK HARDY (St. Vital): Thank you, Mr. Chairman. I don't want to prolong this but while we're still on the Minister's salary, and I appreciate the comments the Minister made yesterday with respect to the position of the auditors within the government operation itself, can the Minister indicate: was in fact there any increase in the establishment of the appropriate department in order that additional Professional Officers might be introduced into that department because of the increased work load. And secondly, I wonder if the Minister would be good enough to indicate the --I'm not particularly concerned about the firm and this is in the Public Accounts--but indicate the amount of fees that were paid to the auditing firm that, say, audited -- as an example, Manitoba Hydro.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, dealing first with the questions by the Honourable Member for St. Vital. I must point out to him that the department which deals with the Provincial Auditor is the department on legislation which is the first page of the -- Page 2 of the estimates, and is not within my department. The member will note when he looks there that there is an increase in expenditure and this is not the place to discuss that. However, I can inform him that there has already been an increase in the establishment in the Provincial Auditor's department in order to handle this additional work; and I believe if he looks under Revenues he will find, also, that there is an increase in revenue because of the charges that will be made by the Provincial Auditor to the Crown corporations for whom he is doing the external audit. I don't think I shall go much further into that because it's not within this department.

The Fees, also, is something that may well be available when we deal with legislation. I hate to rely on my memory, My recollection is that the Hydro external auditor was charging somewhere between 16,000 and 20,000 a year, and I really may be, I don't think far out, I think I'm fairly close to being correct, I really think it's more like 16,000 or 17,000, but I really will not be held to that figure because I'm speaking from memory of some months ago. I think I shouldn't go any further into it because it doesn't belong in the estimates, it's out of order for me to discuss it and I've given only the information I can recollect, which is a little hazy.

So let me move on to the Honourable Member for Rhineland's contribution. He's made some suggestions which are of interest. I'm most interested to hear what the British Columbia government has to say on the question of the shared costs and their attitudes towards it because one noticeable thing when one attends a meeting of the finance ministers is the usual absence of any contribution from British Columbia. The Provincial Treasurer of British Columbia has to my recollection not participated at the meetings which I attended of the Ministers of Finance, and anything the Honourable Member for Rhineland on behalf of British Columbia can contribute to our knowledge of their position would be most helpful to try to understand what British Columbia is thinking. So that I'm looking forward to the opportunity of hearing in this roundabout way what the Social Credit Government of British Columbia thinks at all on the question of the Finance Ministers' deliberations.

The honourable member did ask, does this government accept the White Paper, and he refers to the questions that were posed last December which was the first occasion I had to attend a meeting of the Finance Ministers to discuss the White Paper. At that time we were trying to understand the White Paper. We were under the impression that the meeting was called for the purpose of exploring rather than taking definitive positions and the paper he refers to which I presented last December was couched in terms of attempting to explore and evaluate the various aspects of the White Paper. But last Tuesday, I put on the record this government's position in a pretty positive way, I think. I don't think I asked that many questions. I think I actually stated the position of the government on the whole White Paper both in general, in

(MR. CHERNIACK cont'd) . . . principle and then in detail. In detail I spelled out those areas in which we have disagreement, and the honourable member has a choice of referring to Hansard or referring to the paper which was distributed and which is attached as an appendix to the Budget Address which was distributed yesterday. Our position on the White Paper is there and the honourable member of course still has the opportunity to debate it and to inform us of his views as well of those of the Minister of Finance or Provincial Treasurer of British Columbia.

But then the honourable member mentioned the Rowell-Sirois Commission Report and the philosophy behind it and has not indicated to me, at least I don't understand whether he agrees with the Rowell-Sirois Report or not. I can inform him although I've never had the opportunity to study it in detail, I have a pretty general knowledge of it and I can tell him that it is in much greater accord with my thinking than is the direction in which the Federal Government is now going. I think the Rowell-Sirois Report was an important document to unify Canada and to relate Canada's wealth to the needs of the various regional areas in Canada which had greater needs than others. The Rowell-Sirois Commission attempted and succeeded in justifying a greater deal of cooperation between the Federal and Provincial governments and the greater sharing of the wealth of Canada. I say that the present government of Canada is veering away from the Rowell-Sirois recommendations and therefore I want very much to know what the Honourable Member for Rhineland feels about that because I state that the impression I have from the Social Credit provinces and governments of Canada that they are opposed to the main objectives and recommendations of the Rowell-Sirois Report. Now I hope I'm wrong but that's the indication I feel, that's the inference I draw from what they're saying and doing. I know that they are unhappy with the equalization formula because they don't get any money out of it; and the reason of course they don't get any money out of it is because equalization formula is intended to do exactly what it says and that is to equalize national wealth. And because the Social Credit governments of the two western provinces, which provinces are rich with natural resources, do not derive any return but actually through the complicated process of taxation contribute to those provinces which are not as fortunate as they are, they don't like it.

MR. FROESE: Would the Honourable Minister permit a question?

MR. CHERNIACK: Sure.

MR. FROESE: If I may interject at this point. I think the two Social Credit governments of Alberta and B. C. object to the contribution they have to make through the development of their natural resources. They don't object to the overall - it's not a project - the overall plan of the Rowell-Sirois Commission Report. I don't think they object to that and the way it's been applied, but in the meantime over the last few years, they brought in additional taxation to these provinces on their natural resources. I think this is what they object to.

MR. CHERNIACK: Mr. Chairman, that position is complete and utter nonsense, because the resources of Canada are people, and the resources of Canada are the natural resources and the minerals and the oil and all that is in the land of Canada, and I don't give credit to the Social Credit Government of Alberta for having oil within its boundaries any more than I give credit to the New Democratic Party Government of Manitoba for having nickel in the north of Manitoba. It's just ridiculous to say that a government of Alberta or a government of British Columbia is making a contribution to national wealth by paying royalties or revenue from natural resources, which they don't want to do, but they still agree with the Rowell-Sirois Report, because the Rowell-Sirois report dealt with the resources of Canada, and that includes people resources, revenue resources, industrial resources and certainly natural resources. And it's all very cute for them to say we'll share everything else but we won't share that which was planted into the ground many many thousands and millions of years ago depending on what your belief is as to evolution which I don't think is quite on the Order Paper, I don't think we should get into a discussion on Darwin's theory, but . . .

MR. FROESE: . . . if I may interject once more. Certainly we know that the policy that those two governments had contributed largely to the development of the natural resources in those provinces. We see development in the other provinces, too. But we don't see the revenue coming about to the people of this country as a result of development in other provinces. Take Ontario. They hardly pay for the cost of that department. What's our situation? It's the same thing. And yet we have large development and we've got expansion coming but will we be getting any revenue out of it? It doesn't look like it. This is the point. In recent years they brought about additional taxation on Alberta and B. C. because of their development and the monies that were derived from their natural resources development, and this is what was objected to.

MR. CHERNIACK: Mr. Chairman, I think the Honourable Member for Rhineland is urging this government to increase the revenue from the natural resources of Manitoba and if he will be more precise I would guess that he wants us to increase the royalties and increase taxation on those companies that are in the natural resource areas of Manitoba. I'm willing to consider that proposal. I think he knows that I'm a cautious person, but if he wants me to plunge head long into recommending much higher royalties from the mining companies - I presume that's what he's talking about - so that Canada and Manitoba will get more out of the natural resources, and I assume that's what he's talking about. He probably wants us to increase substantially the taxation of various forms of the mining companies up north, and if that's what he wants then I wish he would say so because I want to be guided by the opinions of all members of this Committee and if that's his opinion, it would be helpful to know it. I don't promise that I will immediately rush out and do that very thing, nor do I promise if he wants Manitoba to participate even more in the development of natural resources, that we will take over all the mining companies up north and run them as Crown corporations. I don't propose to do that, but if the Honourable Member for Rhineland wants to see greater revenue then maybe we should explore that with him.

Since I'm not confident that he's going to rise and make that specific proposal at this time, let me move on to the equalization formula which he refers to and tell him that I am not yet fully conversant with the nature of the formula but I know enough about it to know that it's very complex and what it is designed to do is to obtain an averaging of the revenues of each type of revenue that is raised by the provincial governments and to relate that revenue of each government to a national average and then the Federal Government equalizes the provinces whose revenue is below the national average by supplementary payments of federal revenue to bring those provinces up to the national average. When the Province of Alberta raises money in, let's say, oil royalties, that money as I understand it stays with the Province of Alberta. But, of course, any income tax that's paid that is resultant from that industry, is of course divided between the Government of Canada and the Province of Alberta in accordance with the tax collection agreement, and the revenues that accrue to the Federal Government are then used for the equalization; but natural resource royalties that are paid in Alberta are not paid in that form to the Government of Canada and in that form are not used of course for equalization, but rather it's the other revenues of Canada that are used. I don't know whether I've made myself clear; I think I understand what I said, I hope the Honourable Member for Rhineland understands it as well.

The Honourable Member then dealt with the Benson White Paper and I told him that our position is I think pretty clearly established in the Paper I gave last Tuesday which is attached as an appendix to the Budget Address. He dealt specifically with valuation of capital gains and the questions we asked and in our paper we deal specifically with our answer to it because, frankly, we have not received answers from the Federal Government to the questions we asked last December, which puts us in the awkward position of posing questions, not getting answers and then stating our position, which is really awkward because their answers may have been helpful to us and may have in some way influenced the position we took; but not having received the answers, we're not just going to sit back and wait indefinitely and let them bring in a White Paper, or bring in legislation to carry out proposals which we have not had an opportunity to discuss and to take a position on. So we did take that position, we are in favour of capital gains tax, we do not believe that it is practical in any way to have a valuation that is phased every five years as they propose where they would like people to pay a tax on the unrealized but deemed capital gain, and we said that. We believe that capital gain should be taxed but should be taxed on realization when the money comes in; that's the time to tax it. So the honourable member, with validity, compares it with estate taxation and valuation on date of death and taxes payable, and I have to say that I sympathize with the position he took and that is why we are trying to bring into the discussion on the Benson White Paper the whole question of estate taxation and gift taxation because we think that it's really a package; but the Federal Government has not indicated an interest in doing so. And as a matter of fact, I don't think any of the other provinces have really supported us -- and I shouldn't say that because the Maritime provinces did to a large extent support some of our proposals and this one may well have been one they supported. I'm pretty sure that British Columbia and Alberta didn't have the slightest interest in becoming involved in the kind of discussion that the Honourable Member for Rhineland has raised. I sometimes wonder whether we shouldn't elect him as a member of either the Alberta or British Columbia Houses in order to try and teach them some of his thoughts and

(MR. CHERNIACK cont'd) . . . concerns. He may be of greater service to Manitoba in being present in Alberta and British Columbia and influencing them there than he would be here. If I had the power, I would make him a member of both of those Houses, because that would be very helpful to compare his theories with that of the two provinces at which he points with such pride. But we do insist that this is a similar problem, both the estate taxation and capital gains taxation, but we don't reject either, we say they ought to be studied together and in the light of how each affects the other.

Now the honourable member previously dealt with general theory, which I would like to debate with him but I don't pretend to be as knowledgeable as he appears to be on certain of the theoretical issues and I don't think I would like to take the time of this committee, and looking about me, I think that the Honourable Member for Rhineland and I are carrying on a dialogue without much interest from others so I think that that is all the time I want to take now unless I am asked to deal with anything further.

MR. CHAIRMAN: Resolution 35.

MR. FROESE: Just one brief statement, and I'd like to hear what the other Minister has to say on -- I just want to make it very clear that I am not suggesting any takeover by this government at this point, of any of the private industries that we have operating in the development of our natural resources. Not at all. But I am interested and concerned that we have greater development and not have our raw products go out in raw form. I think we should refine them to the largest degree possible so that as a result we would be getting industries into our province, and I think this is what is needed. I am sure that this brought about development in the two western provinces to a large degree and I think we should go in the same direction.

MR. GREEN: Mr. Chairman, I just wonder whether the honourable member would go on record if he likes, with regard to the request that was made to him by the Minister of Finance. Does he feel that the royalty taxes on the mining interests in Manitoba should be increased?

MR. FROESE: I would like to have a chance to compare some of these, what we have in Manitoba, with the other provinces so that I would be very sure what I am speaking of, but in general I think we are not getting sufficient revenue from -- if we look at these companies and the profits that they produce, and as I said, the natural resources belong to the people and I think we should have a greater share of the profits in our revenues of the province. I don't think that just because they invest monies and develop them that they should be entitled to everything. I think we should make very sure on behalf of the people of this province that we get a fair deal. Let them have a fair return for their work and for their investment, but at the same time let's make sure that we also get a fair return on our part.

MR. GREEN: Mr. Chairman, I hate to prolong my honourable colleague's estimates but this is rather important, because this is, of course, the problem that we are always faced with, and particularly which I am faced with as the Minister of Mines. But the Member's statement was to the effect that we are not getting sufficient return from our natural resources, and I take that to mean that he is suggesting that the royalties should be increased, and I'm not going to comment on that one way or another at this time; I would just ask the honourable member to deal with a hypothetical situation. If the royalties are increased, or were increased, and this then resulted in, let us say, a reduction in activity - and I'm not suggesting that will happen, I'm posing this hypothetically - then would the honourable member have any other suggestions as to how to make sure that you get the amount that you feel that you are entitled to out of your natural resource development, because that's a key question?

MR. FROESE: I'd be certainly very happy if we could some time during the discussion of estimates compare the royalties that are legislated in Manitoba to the other provinces and see where we stand, and . . .

MR. GREEN: The fact is you say that they are insufficient. What if they are, in fact, equal or close to equal?

MR. FROESE: Well, I think that as far as nickel is concerned, we have, what is it - the largest nickel deposits right here in Manitoba, anyway on this continent and probably in the world. Where else can these companies go to develop and get their nickel than to Manitoba? They have to be in Manitoba and therefore they cannot just go anywhere to find nickel and develop the mining industry in this way, so I feel that they should reason too, and I'm sure this is what happened in British Columbia. The people there weren't getting a fair share from the development of their natural resources, so Bennett called them in when he got into power and he said, "This cannot go on - we have to bring in a better agreement." And the companies realized this

(MR. FROESE cont'd) . . . and they got a better deal.

MR. GREEN: Mr. Speaker, again I'm really not arguing with my honourable friend, I'm trying to pose some problems. He indicates that there is nowhere else that they can go to get nickel. I would indicate to him that they are finding nickel discoveries all over the world and they are picking and choosing which ones will be developed, so it's not true to think that there is a captive company. But let's again be hypothetical. Supposing there was a captive company. Supposing we were the only province or location in the world that had nickel; then you think it would be -- what would prevent the government from just saying that we want you to give us everything except a pittance for yourself? I mean -- I'm not suggesting that that should or should not happen, but what rules would my honourable friend use in this connection?

MR. FROESE: Well, I think private industry can invest their capital in various companies and in various kinds of operations, and I think we would be governed by that very situation, and I think as long as they saw that they were getting a fair return here, they would stay here and they would develop. I think we cannot just - I can't think of the proper word right now - be autocratic and just set a certain rate and they could take it or leave it. I don't think that's the attitude we should take. I think we have to be governed by other companies as to how much they can get on their investment, and I feel that we should give them a fair return on their investment. I think this would have to be the competition. I think this would have to be the guiding rule. Now, maybe I should have the Honourable Minister . . .

MR. GREEN: I'll just ask one question more. You know, this reminds me of my honourable friend when we first met in the House. He was a member of the Social Credit and I was considered to be somewhere in left field in terms of the political spectrum, and I said to my honourable friend at that time - and maybe he'll recall it - that if he can tell me how a fair return can be determined, I might be Social Credit. But what if they say a fair return is one thing and we say a fair return is something else, and we can't agree? What does my honourable friend then say that we should do? Because that's the question I posed to him and I offered to become, Mr. Speaker - this is a great revelation - I offered to double the number of seats in his party if he could tell me how Social Credit determines what a just price is, what a fair return is, that those things which have puzzled philosophers and economists since the beginning of time, they say they have the answer for it. If he will give me that answer, then I will have to double the representation in his party, and I make that statement publicly. Now you tell me, what if we say a fair return for you is so many dollars and they say that it's more - then what do we do?

MR. CHAIRMAN: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): I got sucked in again. I think there are two things that the Minister of Mines and Natural Resources is looking for. One is a way, a reason to increase royalties, and of course support for this, but I think that you have got to look at it in two or three different ways. First of all, what do you want? More royalties, or do you want more revenue? And I think, really, you can have more revenue without increasing royalties, and I don't say that maybe royalties shouldn't be increased in some cases. Does it have to be a guideline set that is for all, or is it in accordance with the amount of money that you are developing or the size of your mine? But if the royalties go too high, then the small mines are not going to be developed and you have to get your money back, and it costs you money to develop them, so I would say that when you are talking about natural resources and non-renewable natural resources, which the Minister is talking about and I think that's different to the others, the non-renewable ones are the responsibility not only of the mining company, but of industry and commerce and of government, and I suppose of our ingenuity in government to see to it that we get the most out of our non-renewable resources. And the way through this is to integration.

We often look at mining companies and say they've made \$100 million or \$70 million or whatever the figure may be, and this looks high, and I would agree that the Minister of Finance would say we should have \$10 million from this instead of a few hundred thousand. This may be right, but you have got to feel that it's not a mining company, it's a group of shareholders who are getting three to five percent. If they took that money and took it to the bank today, they would get 7 or 7 1/2. But if you went that step further and said, "You've got to take the nickel, which we export from this country" - I think from Thompson approximately 95% and probably Lynn Lake a similar or larger quantity - then we're in trouble. We're in trouble not only in Manitoba but we are in trouble in Canada, because Japan has jumped into what? the second largest gross national product, because it has been able to introduce the raw materials into its

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(MR. BEARD cont'd) . . . country and ship them out and make a profit, and often sell at less than what we can do in producing it in our own country.

And I think that really it comes back to revenue, and if the Minister wants to find more revenues out of the resources in the north, then I think that we have to look at it from integrated industries and we have to use a little ingenuity, because we have got almost pure iron ore within 600 to 800 miles of the province of Manitoba. In the province of Manitoba we've got all the nickel we would ever need in the world and we've got all the coal that we would ever need, either in the sister province of Saskatchewan or down in the Maritimes, and it couldn't be brought in.

I'm not going to go any further on that because I intend to use this material later on, but there is the possibility of a steel industry and it's right in front of our noses but we've got to find somebody; we've got to find an investment from private industry, and we've got to have the encouragement of government, and I think those are some of the things that bother me in respect to what are we getting out of our resources. And if we can get a steel industry in here, then we'll get more out of our resources than what we are now. We're going to use our Hydro program and we're going to use many of the things that we have here. It seems that we've got everything. We've got all the raw materials but we haven't got the imagination yet to get that all together in one lump sum so that the people in Manitoba can derive the revenues that are necessary. Some people maybe refer to it as the "rape of the north" right now, I don't know but it does bother me that industry itself cannot come forward and say, "We have the products here. Let's gather them together and develop a revenue out of it." Because royalties are only one part of the revenue. I think the revenue is from wages and the product that is put into building industries and such on, and they rub off on every Manitobans. And if we can raise the revenues in the north, then I think that we can spend a lot less time worrying about bringing Northern Manitoba up to the same standards as the south because this would do it in itself, but it would require governments, federally, provincially, and of course private industry, to gather all these resources together and fabricate something that is far greater than shipping nickel out 99-9/10% pure, straight out of the country, because we are not getting enough out of our resources as it now stands.

MR. CHAIRMAN: The Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the Honourable Member for Churchill is, of course, very right and I hope that we are going to go into that direction. We are very disturbed at the fact that so much of the raw material is going out in raw state, or practically in raw state, from the natural resource developments in the North, and may I say I was talking the other day about discussions I had in Japan. Some of the discussions were with people who were involved in the processing of raw material, ore and semi-ready materials from the north, and they were asking about opportunities for taking them to Japan for refining, and I think both the Premier and I, in one discussion anyway I recall that we had, pointed out very strongly that we were really not interested in selling ore in its practically raw state to Japan for processing in that highly industrialized area.

We pointed out, as I said before, that we have untold miles of land in the north without people, and that we want the people and we want the skilled people, and we said rather than sending you the raw ore for processing, we'd like you to send us the expertise and the investment dollars so that we can in a joint venture become involved in the processing of our raw material - and the term "joint venture" is one which they understand. They'd just as soon do it on their own but we said, "No. It's our material; it's our natural resources; and it's your skill and it's your investments that make it possible, so we want to think in terms of joint venture." And the joint venture is one which is worth exploring and is something that we are exploring, and of course any effort that can be made for development of the refining instruments in Manitoba would be most beneficial, and still I can't rule out royalties because it's really our material that's being used. It belongs to the people of Manitoba. It belongs to the people of Canada. And taking nickel out in its ore state is taking out our nickel, and as the Honourable Member for Churchill mentioned, these are non-renewable resources.

I don't want to get into a whole discussion on renewable resources and the fact that the previous government was prepared to invest some \$92 million in one aspect of it. To us this was never justifiable as a loan investment because when you talk about return of investment, and of course the Honourable Member for Rhineland backed away from a discussion on what is a fair return which the Honourable Minister of Mines and Resources invited him to enter into,

(MR. CHERNIACK Cont'd) . . . because once we can establish what is a fair return then we start establishing what is a fair return to us of our resources and what we own. But I want to assure the honourable members that this is an area in which we have a very deep interest and which we are studying and which we hope to expand on, and when we think in terms of public involvement we think in terms of involvement in return on our investment, not as interest on the return but as participating in the benefits, because it is true that people and growth all add to the economy of the province, but in addition to that we'd like to make sure that the cream, the real profit, is also left to a large extent in Manitoba and is not taken out of Manitoba by private investors that come in. Of course, as was pointed out by the Honourable Minister of Mines and Resources some time ago, again dealing with the forest complex, even that wasn't the importation of foreign investment capital because the investment capital was our capital that is being poured into that complex and we don't think that it's good to develop an industry for the benefit of foreign capital when indeed the capital is Manitoba capital.

Being specific to the Honourable Member for Rhineland who wanted to discuss mining royalties but was not prepared to discuss it without some knowledge, I want to give him the information so that he will be knowledgeable about it. I now am looking at a table showing a provincial tax comparison in mining royalty tax. I will not give it to him in detail because that's extensive but I will tell him that in British Columbia there is no tax on taxable income up to \$10,000.00. From \$10,000 up to any amount it's 15 percent. I can tell him that Alberta does not appear to have any mining taxes, and now I'm guessing that, maybe they don't have any mines, maybe their oil is really what is their great boon, but the information I have is that they do not have a mining tax. Saskatchewan — oh I should indicate British Columbia is higher than Manitoba. Saskatchewan has no tax up to \$15,000; taxes at 5 percent from \$15,000 to \$50,000 and then goes up in a rising scale 7 percent up to \$400,000 and 9 percent beyond that up to a million. Now that is the same as we charge but only within that bracket. Up to \$500,000 Saskatchewan has a higher royalty, 7 and 9 percent.

Let me tell him about Manitoba so he can get the picture more clear. Manitoba charges 6 percent of the income up to \$500,000; nine percent from \$500,000 to a million dollars and 11 percent in excess of that. Manitoba is therefore lower than British Columbia which charges 15 percent and lower than Ontario which charges 15 percent, except for an exemption up to the first \$25,000.00. Manitoba is lower than Quebec except for the exemption up to \$25,000 where Quebec charges 9 percent in those areas where we charge 6 percent, Quebec charges 11 percent where we charge 9 in one category, Quebec charges 13 percent in another category where we charge 9 and 15 percent beyond that where we charge 9 and 11. So that if you take British Columbia, Ontario, Quebec, the tax rates there are to some degree and in some cases about double what is charged in Manitoba. In New Brunswick the tax burden is greater, it being 7 percent compared to our 6 up to half a million dollars and then it is one percent less than Manitoba in excess of that amount. Nova Scotia has even a lower rate of 3 and 5 and 6 where we have 6 and 9 and 11 and Newfoundland has 5 percent flat all the way along. So that we can find that Newfoundland, Nova Scotia, New Brunswick appear to be somewhat less than Manitoba; British Columbia, Ontario, Quebec are substantially higher than Manitoba. With that information does the honourable member want to assist us in looking at the mining royalty tax picture?

MR. CHAIRMAN: The Member for Rhineland.

MR. FROESE: I am indeed very happy that the Minister has given this information. Maybe he could supply us with the sheet so that we would have it. I think I would appreciate that very much. This certainly means that we are not charging the maximum and that the companies are benefitting more in Manitoba than they would in some of the other provinces. I see no reason why we cannot bring it to the level of the other provinces. Certainly I would support a measure of that type, because this is a resource that is non-renewable in many instances as far as the mining is, the nickel and so on, so that if we don't take advantage of it now once it's gone we will never have a second chance. It's different from the renewable resources where you will have future opportunity to change the situation and have future gains, but not so with the non-renewable. Certainly on this basis . . .

MR. CHERNIACK: . . . one other line that I didn't indicate. On new mines, in the first three years Manitoba charges half the tax, whereas British Columbia, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland charge full rates; Saskatchewan is exempt for that three-year period.



MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. HARRY ENNS (Lakeside): Mr. Chairman, just before we leave that portion, I apologize for not being in the House earlier, but I do want to ask the Minister whether or not he has had the occasion to . . . he obviously has checked the royalty situation in other provinces from which he has just quoted and it's correct that we are in a more favourable position vis-a-vis the mining companies that is with respect to royalty charges than the other provinces mentioned by the Minister, but I believe it is also true that the Department of Mines and Natural Resources through its inspection in establishing the actual royalty tax to be paid has access to cost production figures on which on a per tonnage basis actual royalty payments are finally arrived at.

MR. CHERNIACK: They're arrived at on net income.

MR. ENNS: Well, yes but in this sense, you know the costs of production come into the picture of net income and in this sense I wonder --my question to the Honourable Minister at this time, not to prolong this debate further because there will no doubt be occasions perhaps when we get to the Department of Mines and Natural Resources where we can get into this at some length, has he any figures that would relate that although the mining community in British Columbia or Quebec or the other provinces mentioned would appear to pay a somewhat higher royalty tax, are their net returns any higher or lower as a result of that here in Manitoba? In other words, what I'm driving at, I think the rationale, the obvious rationale for our somewhat more attractive royalty picture here in Manitoba is to overcome the very obvious additional production costs that we face in this interior Province of Manitoba where to date so much of the mineral activity is far removed from the final destination of much of the source, the final source where the minerals end up, in other words the nickel produced at Thompson or the nickel produced at Sudbury in terms of production costs, in terms of profit to International Nickel Company, may well be the same even though in Manitoba the royalty tax is less. Has he any specific information that the lower rates of royalty in fact gives the mining companies doing business in Manitoba any better net income picture than a similar operation where the royalty tax is less, such as in British Columbia or Ontario?

MR. FROESE: . . . will be replying to that maybe we should . . . If we are going to give consideration to other factors entering into this situation, what about the concessions that have been made in the way of tax holidays and so on? Does this apply to the other provinces as well or is this peculiar to Manitoba? I think this would have a bearing on it as well.

MR. CHERNIACK: Mr. Chairman, I just gave that information to the honourable member. I indicated to him that a concession made for the first three years of operation of new mines is taxed by Manitoba at half rates, whereas Saskatchewan is fully exempt, and in British Columbia, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland it is taxed at full rates, there is not that concession in these higher taxing provinces. Manitoba gives half rates in that case.

Now the Honourable Member for Lakeside is talking about production costs and I repeat again what I said when I interrupted him, that the tax is on taxable income. Now I think he must be talking about guaranteeing a return to the investor. It seems to me he's suggesting that the cost of production, which he thinks is higher in Manitoba than it is say in Ontario or Quebec, means that their investment is less related to income. If that's what he means then I'm beginning to follow his line of thinking, but if that's not what he means then I must confess he lost me and I can only go back to pointing out that taxation now is based on taxable income, and if you make a hundred bucks in - well let's say a million dollars, in Ontario on the operation of a mine and you make a million dollars in Manitoba on the operation of a mine then in British Columbia, Ontario, they charge 15 percent of that million dollars and we collect nine percent.

MR. ENNS: Mr. Chairman, I don't want to prolong this argument but surely the First Minister will agree with me that in arriving at the taxable income there are very specific allowable expenses, production expenses etc. so that I really, you know, I don't know whether the Honourable Minister is fencing with me because I would not presume that he would fail to understand me in this particular point that I accept his statement that the royalty is on the taxable income, but how one arrives at a taxable income surely has, you know, the different ways in which one operation in different parts of the country arrives at a taxable income has a bearing on the taxable income that is finally arrived at and upon which the royalty tax is based on. I will solicit from the Minister of Mines and Natural Resources during his estimates, figures and costs in terms of how our mines in Manitoba arrive at their taxable incomes vis-a-vis an equivalent mine in British Columbia that faces maybe a 30 or 40 mile haul to seaports, that faces, you know, considerably less difficulty in costs in extracting a similar mineral from their resources than we do from our resources here.

(MR. GREEN Cont'd) . . . advise the honourable member that if he's going to be talking about taxation questions I think he's in the right department now.

MR. CHERNIACK: . . . certainly not fencing with the honourable member. He keeps saying he doesn't want to prolong debate and then he asks a question. Now if he wants me to answer him then I'm not guilty of prolonging debate. And I gather he wants me to answer him, so I can certainly answer him, because the extent of my knowledge is not greater than the amount of time left, only to say this, to me taxable income is gross revenue less gross expenditure and that leaves the profit, and the profit is what we're aiming at whether the expense is 99 percent of the revenue or whether it's two percent of the revenue, in the end you're left with net income which is the taxable portion. Now, maybe what he's talking about is depreciation that is taken by an operator, and that is within his control up to certain limits, and within that depreciation he determines his taxable income within those limits and of course we tax on the basis of the return that's made to the Province of Manitoba where they say we grossed so much, we had expenses of so much, we have depreciation of so much, we are left with X dollars, and then in Manitoba we take 6, 9 or 11 percent depending on the amount, whereas in British Columbia they take 15 percent. In some cases we charge six percent where they take 15 percent. In Ontario the same thing. In some cases we charge six percent where they charge 15 percent of taxable income, and that to me is the yardstick which is being used at the present time.

MR. CHAIRMAN: Resolution 35 (1) (a) -- passed.

MR. FROESE: Mr. Chairman. . . .

MR. GREEN: Mr. Chairman, I really think that we have no choice but to move that the Committee rise.

MR. CHAIRMAN: Committee rise.

MR. CHERNIACK: When do I get paid?

MR. CHAIRMAN: Call in the Speaker. Mr. Speaker, your committee wishes to report progress and asks leave to sit again.

#### IN SESSION

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, I move, seconded by the Honourable Member for Winnipeg Centre, that the report of the committee be received.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. SPEAKER: It is now 12:30. I am leaving the Chair to return at 2:30 this afternoon.