

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Thursday, June 22, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 37 students of Grade 7 and 8 standing of the Amaranth School. These students are under the direction of Messrs. Whiteway and Fehr, Mesdames Robb and Armstrong. This school is located in the constituency of the Honourable Member for Ste. Rose. On behalf of all the honourable members, I welcome you to the Assembly.

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

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to present the Third Report of the Standing Committee on Law Amendments.

MR. CLERK: Your Standing Committee on Law Amendments begs leave to present the following as their Third report:

Your Committee has considered Bills:

No. 14 - An Act to amend The Teachers' Pension Act.

No. 15 - An Act to amend The Summary Convictions Act.

No. 20 - An Act to amend The Highways Department Act.

No. 24 - The Proceeds of a Contract Disbursement Act, 1972.

No. 25 - An Act to repeal The Manitoba Farm Loans Act.

No. 30 - An Act to amend The Optometry Act.

No. 56 - The Hospital Capital Financing Authority Act.

And has agreed to report the same without amendment.

Your Committee has also considered the following Bills and has agreed to report the same with certain amendments:

No. 27 - The Seine River Relocation Act.

No. 35 - An Act to amend The Insurance Act.

All of which is respectfully submitted.

MR. SPEAKER: The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable the Member for Osborne, that the report of the committee be received.

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

MR. SPEAKER: Ministerial Statements and Tabling of Reports. The Honourable Minister of Finance.

MINISTERIAL STATEMENT

HON. SAUL CHERNIACK, Q.C. (Minister of Finance) (St. Johns): Mr. Speaker, yesterday during the debates on Gift Tax and Succession Duty Bills in Committee of the Whole there were certain questions asked which I did not have the accurate answers to in relation to a comparison with other provinces on retroactivity as to gifts inter vivos and as to exemptions under the Gift Tax Act. I'd like to distribute, well forward to you, and to the Leader of the Opposition copies of the information, and either I'd like to read it into the record or possibly, with consent of the House, I could ask that it be inserted into Hansard for the record. Either would be acceptable to me. The Member for Rhineland requests that I read it, Mr. Speaker, so I propose then to read it.

This is a comparison of gifts inter vivos brought back into the Estates under Succession Duties. In British Columbia three years, in Manitoba three years, in Saskatchewan three years, in Ontario five years, in Quebec five years, in the Maritimes three years. In regard to exemptions under the Gift Tax Act may I first say that we do not have the information on Quebec because Quebec Gift Tax Bill is, Gift Tax is not a co-operating agreement with the other provinces and therefore we don't have it available to us now. But other than Quebec the exemptions for annual gifts to the spouse, 10,000 British Columbia, 5,000 Manitoba, 5,000 Saskatchewan, total in Ontario, 5,000 in the Maritimes. Annual gifts to any one individual, other than the spouse, 2,000 in British Columbia, the same in Manitoba, the same in Saskatchewan, the same in Ontario, the same in the Maritimes. Maximum, if no gift to spouse, 10,000 in British Columbia, 15,000 in Manitoba, 15,000 in Saskatchewan, 10,000 in Ontario, 15,000 in Maritimes. Maximum, including spouse, British Columbia 20,000,

(MR. CHERNIACK cont'd) . . . . Manitoba 15,000, Saskatchewan 15,000, Ontario the amount gifted to a spouse plus 10,000, and in the Maritimes 15,000. The final line, once in a lifetime gifts of real property used in farming, to a child, or interest in real property to a spouse, 10,000 in British Columbia, 10,000 in Saskatchewan, nil in Manitoba, nil in Ontario, nil in the Maritimes.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? Notices of Motion; Introduction of Bills. The Honourable Minister of Tourism and Recreation.

#### INTRODUCTION OF BILLS

HON. LAURENT L. DESJARDINS (Minister of Tourism, Recreation and Cultural Affairs) (St. Boniface) introduced Bill No. 100, Provincial Park Lands Act. (Recommended by His Honour the Lieutenant Governor)

#### ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): Mr. Speaker, my question would be addressed to the First Minister and possibly through him to the Minister who would be familiar with this, possibly the Minister of Urban Affairs. I wonder whether he can inform the House whether he has been informed, or has in his possession, the Government, the Winnipeg Railway relocation study that was commissioned by the Federal Government that appeared in the news item in the news today.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, the Government of Manitoba participated along with the Government of Canada, the City of - well formerly Metro and now the City of Winnipeg, and the two railways, Canadian National and Canadian Pacific, in the Rail Rationalization Study which commissioned the report. As our technical people and some Ministers have been part of the ongoing committee, as such we received an interim report from, I think the firm is Damas and Smith, and that report was not to be released until after all parties had been in formal receipt thereof. Now whether that news item speaks of formal presentation or not, I'm not in a position to say at this time.

MR. SPIVAK: Well, Mr. Speaker, a supplementary question then to the Minister of Finance. I take it that the interim report is not the final report from what you have said.

MR. CHERNIACK: Mr. Speaker, I appreciate that question because I may have given the wrong impression. I believe it is the final report of Damas and Smith but it was given to us in an interim pending the official filing of it with all the five parties. But I believe that what we were given was the final report.

MR. SPIVAK: Well, Mr. Speaker, I wonder if the Minister of Finance in view of the preliminary release of some of the information will be prepared to table the interim report in the House after receiving approval from the other parties involved?

MR. CHERNIACK: That's a fair assumption, Mr. Speaker. As soon as we know from all five parties that it has been formally presented, and then it should be public information and I would be prepared then to table it.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, earlier this week I indicated to the Honourable Member for Thompson that I would have copies available later this week to table relative to correspondence between the Crown and the City of Winnipeg, and accordingly I table four copies. That is to say relative to the Convention Centre.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I would like to direct a question to the Minister of Mines, Resources and Environmental Management. Can he advise why Manitoba has not entered the Water Quality Management Area Agreement with the Federal Government, referred to by Mr. Davis?

MR. SPEAKER: The Honourable Minister of Mines and Natural Resources.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon West): Mr. Speaker, this is a matter that has been studied by officials of the Department of Mines and Resources and we have proposed that a joint Manitoba Consultative Committee be established with one of the terms of reference being the establishment of a Water Quality Management Area as provided for under Part 2 of the Canada Water Act. I find it very distressing, Mr.

(MR. EVANS cont'd) . . . . Speaker, to read as I did this morning of the Honourable Mr. Davis' criticism of the Province of Manitoba because the fact is, if the Federal Government wished to act they could do so under Part 2 of the Canada Water Act where they can unilaterally establish a Water Quality Management Area anywhere in Canada with or without provincial agreement.

MR. CRAIK: . . . question, Mr. Speaker. Were there not advance discussions as to who was going to undertake the suit regarding the mercury pollution?

MR. EVANS: Mr. Speaker, I believe there have been many discussions and I'm advised that we virtually encouraged the Federal Government to go ahead and establish such a Water Quality Management Area.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): I have a question for the Minister of Health regarding a statement made this morning by International Nickel where they are desperately short of 200 men. Could he indicate how many men he has taken off welfare and sent up north, and how many have refused to go?

HON. RENE E. TOUPIN (Minister of Health and Social Development) (Springfield): Well, Mr. Speaker, like a previous question that was asked in this House pertaining to jobs available through Inco in Thompson, this was checked and some jobs were filled by welfare recipients, others could not be filled by those unemployed but employable because the expertise required was not to be found with the welfare recipients, either in the area, or those who were able to leave the other parts of the province to go to Thompson. I can assure the honourable member that I will pursue this and find out exactly how many unemployed employables that could be acceptable to Inco and that are qualified to take the jobs that are offered.

Mr. Speaker, while I am on my feet, I would like to table in the House answers to an Order for Return No. 29, by the Honourable Member for Portage la Prairie.

MR. SPEAKER: Orders of the day. Does the Honourable Member for Thompson have a supplementary?

MR. BOROWSKI: Yes. Mr. Speaker, I wonder if the Minister could answer the question and indicate how many were sent, how many refused, and will he take a survey . . . ?

MR. SPEAKER: Order, please. Order, please. That is a statistical question and I'm sure if the honourable member would be courteous enough to give the Minister a notice, he would probably supply the answer. The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, could the Minister indicate if he has some method, or technique, of finding out from the many of thousands that are on welfare which people actually could qualify as he does some surveying in his department to see who can actually qualify for some of these jobs.

MR. SPEAKER: The Honourable Minister.

MR. TOUPIN: Mr. Speaker, again relating to the previous question posed by the Honourable Member for Thompson regarding the 100 jobs that were available through Inco, I do have a report from the officials of my department that I will forward to the Honourable Member for Thompson.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, I want to direct my question to the Minister of Labour and ask him if he could give a report to the House on the reported dispute between the bargaining agent for the workers at Friendly Family Farms operation at Blumenort?

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker, I think that it would be most inappropriate for me as Minister of Labour to give the House any indication as to the status of negotiations between a management and labour in respect of Friendly Family Farms, or any other negotiations, while they are still in process. All I can say in respect of Friendly Family Farms, the Packinghouse Workers Union, to use their old name, have been certified as the bargaining unit for Friendly Farms and negotiations are proceeding as far as I know and I'm hopeful that successful conclusions will be arrived at. Again I want to emphasize that it would be most inappropriate for me to in my opinion to give any indications while the negotiations are going on.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, my question is to the Minister of

(MR. PATRICK cont'd) . . . . Industry and Commerce. Is Saunders Aircraft extending its operations at the present time to manufacture jet, or other type plane, instead of the twin-prop job?

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

MR. EVANS: Well, Mr. Speaker, I indicated in this House some weeks ago that there was a long-term plan of development which would include in four or five years the development of a jet type aircraft, a twin jet tailmounted aircraft. This has been public knowledge for many weeks.

MR. PATRICK: A supplementary. Has the Saunders Aircraft Corporation an application before the MDC at the present time? And for what amount?

MR. EVANS: Mr. Speaker, as I've also indicated in the past, the MDC has increased its financial assistance to Saunders Aircraft and accordingly with the increased risk has taken a greater percentage of control. I can't tell you the specific amount offhand but as I've said many a time in this House, any financial assistance given to any company in Manitoba is published quarterly and is available to any citizen of this province.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I have a question for the Minister of Industry and Commerce. In view of his answer, I wonder if he can indicate to the House from the recent financial statement the exact nature of the loss the Saunders Aircraft now has?

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

MR. EVANS: Mr. Speaker, those types of questions are more appropriate for the Legislative Committee on Economic Development where we have had the Chairman of the Manitoba Development Corporation.

MR. SPIVAK: A supplementary question. Whether I accept the Minister's answer or not, I wonder if he could at least inform the House, whether he can inform the House is the government in possession of figures which would indicate the exact nature of the loss that Saunders Aircraft has had up to date.

MR. EVANS: The Committee is in the position - it will be in possession in accordance with terms of reference before the Committee under the Act it will be made available to the Committee, in accordance with the Act.

MR. SPIVAK: A supplementary question: Does the Minister of Industry and Commerce know the exact loss of Saunders Aircraft?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Perhaps I could reply to the last supplementary by saying, whether or not the Minister is in possession of the figures at this point in time relative to Saunders Aircraft is perhaps analogous to the situation which obtained in 1966 to 68. I would ask my honourable friend if he was in possession of the feasibility studies when they signed the loan contracts with CFI?

MR. SPEAKER: The Honourable Leader of the Opposition has had two supplementaries.

MR. SPIVAK: No. I have another question, Mr. Speaker.

MR. SPEAKER: The honourable member has had two supplementaries on this particular item.

MR. SPIVAK: Well, Mr. Speaker, I have another question for the First Minister.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Well, I wonder, Mr. Speaker, if the First Minister can indicate whether the Board of Directors of the Manitoba Development Corporation know the exact loss of Saunders Aircraft?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, we have never proceeded under the fiction that decisions taken by the MDC Board were not matters of continuing responsibility of the government. Nonetheless it will take a couple of days as noted in order to ascertain in a precise way the answer to my honourable friend's question.

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

MR. WALLY JOHANNSON (St. Matthews): Mr. Speaker, I have a question for the Honourable Minister of Finance. In view of today's article in the Globe and Mail, could the Minister inform the House as to in what way the Government of Prince Edward Island is reassessing its policy or its . . .

MR. SPEAKER: Order please. Order please. Prince Edward Island is not a procedure for Manitoba at the moment. The Honourable Member for Portage la Prairie.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, my question is for the Minister of Municipal Affairs, and it relates to the Manitoba Housing and Renewal Corporation. Has there been any change in policy with the respect of construction of public housing. The reason I ask, I've been informed that there's very little construction of public housing for families at the present time.

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs) (Selkirk): There has been no change in that policy, Mr. Speaker.

MR. G. JOHNSTON: I ask the Minister, could he tell us the number of houses in rough figures under construction at the present time in Manitoba; and also could he inform the House as to what the target of construction for 1972 is?

MR. PAWLEY: Mr. Speaker, I suppose I could say Order for Return, but I would prefer to deal with the question now. The target is in the neighbourhood of 3,500 units this year. As I indicated at some previous occasion, we are presently in the process of discussions with the City of Winnipeg in order to develop some joint effort in regard to housing, and until such a time as those discussions have been completely finished we will not be able to possibly maximize the commencement of our housing construction.

MR. G. JOHNSTON: A supplementary question, Mr. Speaker. Does the figure 3,500 represent individual family units, or does this include senior citizens as well?

MR. PAWLEY: Yes. The entire province, family units and senior citizens' units.

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

MR. JOHANNSON: Mr. Speaker ... inform the members of the House how the Manitoba legislation on succession duties will be affected by the announcement that has been made by the Government of Prince Edward Island.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I thank the honourable member for the press clipping which indicates that Prince Edward Island states that it will reassess its policies and even its participation in the gift tax and succession duty field in view of actions elsewhere, mentioning Nova Scotia, New Brunswick and Ontario. And I think that to the extent that Prince Edward Island has indicated its desire to re-examine, then I can only confirm what I said earlier - or yesterday I believe it was - in connection with a continuing evaluation. I would like to add to that, Mr. Speaker, that references made to Ontario - and today I had an opportunity to speak to the Provincial Treasurer of Ontario, D'Arcy McKeough, who told me that - amongst other matters, that in relation to this they were setting up a commission to study changes in their succession duty legislation because they felt it would be necessary to have a new Act for a continuing period of time. He estimated some ten years that he felt that they would be in the succession duty field.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, my question is for the Honourable Minister of Health and Social Development. Could he inform the House as to what the purpose is of the health action group that operates out of a building at the corner of William and Isabel? --(Interjection)-- health action group.

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: Mr. Speaker, there is as you well know so many groups that operate within the department and private agencies that I'll take the question as notice; and if we can't find the group that the Honourable Member for Fort Rouge is making reference to, I'll consult with her.

MRS. TRUEMAN: Mr. Speaker, a supplementary question. Would the Minister then make his inquiries of the Institute of Urban Affairs, since part of the government grant to that organization has been given to this group.

MR. TOUPIN: Mr. Speaker, if I can read the question correctly the honourable member is making reference to a grant made by an association that has been supported by this government. I still take the question as notice.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, my question is to the acting Minister of Mines and Natural Resources. I wonder if he can advise the House if construction has started on the shopping centre at Leaf Rapids.

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

MR. EVANS: Well, Mr. Speaker, I gave a lengthy report on the development of the Leaf Rapids community during the Estimates. I haven't been up there recently, but I think construction has started - but we can look into it.

MR. PATRICK: Can he advise the House during what period of time will the project be financed? Over how many years? Twenty-five years or forty years?

MR. SPEAKER: Order please. I think I have reminded members before, it would be courteous to give notice of questions of statistical information and I think that should be done. All members should take heed. The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I'd like to direct a question to the First Minister. Can he advise what communications there has been with the South Indian Lake community to advise them of the cutting off of funds for their legal representation?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I sent a letter approximately ten days ago to the community, and then I was there personally on Saturday last or Friday night last to advise them directly as to the proposed course of action that appears likely will be followed. And also to discuss in great length and detail many of the factors that are of interest and concern to the local residents, and obtained their points of view with respect to a number of specifics in return.

MR. CRAIK: Mr. Speaker, I wonder if the First Minister can say that the people of South Indian Lake have indicated that there is no longer a need or a request, or a need for legal representation at formal hearings.

MR. SCHREYER: Well, Mr. Speaker, of course it would be difficult for me to answer to this question without at the same time keeping in my own mind the fact that throughout the years of the 1960s when major public works projects were undertaken, that displaced, actually physically displaced large numbers of families such as the Portage diversion and the Red River Floodway - that I'm not aware that the government of those days made monies available by way of outright grant for the hiring of solicitors to stop the implementation of that public work.

MR. CRAIK: Mr. Speaker, I wonder if the First Minister would not acknowledge that something in the order of ...

MR. SPEAKER: Order, please. I believe the honourable member is starting an argumentative question. He may rephrase it. The Honourable Member for Riel.

MR. CRAIK: ... privilege then. And the point of privilege is that \$100,000 was made available to South Indian Lake for legal purposes ...

MR. SPEAKER: Order please. Order please. The question period is at the present time on. I do not recognize a point of privilege. It's a matter of opinion. The honourable member was stating -- Order please -- I should like to have the freedom of giving my judgment before everybody starts jumping, and I would like to indicate -- I would like to indicate that what the honourable member was expressing was an opinion and not a matter of privilege. Oral questions. The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, a final supplementary question. Can the Premier indicate whether the amount of the grant mentioned in the news article - that he discussed with the South Indian Lake people?

MR. SCHREYER: Mr. Speaker, whether it be because of acoustics or what I did not catch -- I did not hear clearly every word of the honourable member's question, and I would like to hear it very clearly.

MR. CRAIK: Mr. Speaker, the Premier is reported as saying that a grant will be made to the community of South Indian Lake, and the question is: Can he indicate the amount of the grant and whether this has been discussed with the people?

MR. SCHREYER: Well, Mr. Speaker, I don't know what grant the honourable member is referring to. If he is taking that from the context or from the text of a newspaper report which appeared last Monday or Tuesday in the Free Press, I should advise my honourable friend in advance, that while I do not quarrel with the generality of that particular news report, there are at least two specific references in that report that are at variance with what I actually did say. More specifically, if the honourable member is referring to a grant for legal services, I have acknowledged already and I believe certain of my colleagues have acknowledged on previous occasions that funds would be made available for legal services that relate to the presentation of material and claims - both as to individual family needs and with respect to community redevelopment etc.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable the Minister of Finance. I wonder if he could tell the House if his government has received any communications from any of the airlines flying into or over Manitoba in respect to the intention of the Manitoba Government to tax certain overflying aircraft?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, it may surprise the Member for Brandon West that I did receive a representation from the organization whose complete name I don't at the moment recall. But it has to do with the Association of Airlines of Canada - Mr. Morrison from Ottawa came, and we had a lengthy talk, after which he expressed pleasure with the nature of the talk and undertook to submit particular information in relation to two aspects: (1). A formula which he would propose in relation to the assessing of aircraft on the mileage basis; and (2). Special attention in regard to overflies.

MR. MCGILL: A supplementary question, Mr. Speaker. Has the Province of Manitoba had any discussions with the Federal Government with respect to the constitutionality of the bill which would impose a tax on overflying aircraft?

MR. CHERNIACK: No, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I have two questions both for the Honourable the Attorney-General. Does the government provide legal aid for repeaters of the same offence?

MR. SPEAKER: The Honourable Attorney-General.

HON. A. H. MACKLING, Q.C. (Attorney-General) (St. James): Mr. Speaker, at the present time the government does not provide legal aid - period. The government has granted a sum of money as the previous government had in the past to the Law Society of Manitoba, the difference being that this government more than doubled the amount of money that was granted to the Law Society for legal aid purposes. The Law Society operates that legal aid program based on criteria which we consider reasonable. The criteria would include granting of legal aid to persons who are subject to incarceration if convicted of an offence. If that happens to be a second or third offence, that would still apply.

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

MR. JAMES WALDING (St. Vital): My question is to the First Minister. Could he inform the House if the Crown will be appealing the decision regarding the award of damages to fishermen?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I believe that the Attorney-General has the matter under advisement and probably will be in a position to answer definitively in a matter of a week or so. The other -- if I may while I'm on my feet, Mr. Speaker, indicate that with respect to the general problem of damages or losses incurred by fishermen as a result of pollution of waters which flow interprovincially, that the Province of Manitoba has consistently taken the position - and I would suspect for many years - that the Government of Canada does have clear jurisdiction in respect to the rivers and streams or waterways that flow interprovincially, that therefore there is clear constitutional provision or position for the Government of Canada to act. May I also make it very clear lest any honourable members opposite are wondering, that I intend to make direct inquiries of the Minister of Fisheries in Ottawa to ascertain the sense in which he made the statement that Manitoba had not indicated a willingness to co-operate in respect to the implementation of water quality control district. The information that I have at this point in time is that we have always stood ready to co-operate in that respect.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I have a question for the Minister of Transportation. Has the Telephone Board, MTS Board or the Minister made a decision in respect to long distance telephone tolls between Headingley and Winnipeg?

MR. SPEAKER: The Honourable Minister of Highways.

HON. PETER BURTONIAK (Minister of Highways) (Dauphin): Mr. Speaker, the Telephone Board met on Monday, a few days ago. I do believe from the last report that I have received that they did discuss that matter, but a final decision has not been reached as of today.

MR. PATRICK: Mr. Speaker, perhaps once the decision will be given, maybe the ...

MR. SPEAKER: Would the honourable member state his question?

MR. PATRICK: I wish to have a supplementary question to the Minister of Transportation. Will the Headingley Telephone Committee be able to present their brief before the Utilities Committee?

MR. BURTNIAK: Mr. Speaker, I do believe that there are certain rules and regulations as set out by the Committee. I think that has been discussed and I think that was explained, and I do believe too that at one time two or three weeks ago they did try to make a presentation. They were told at that time that there was no objection to them presenting a brief to me as Minister responsible for the System, or to Mr. Mills as the Chairman, or to anyone else as far as that goes - either to different caucuses or what have you. But I don't think that the Committee is for that purpose, to hear briefs - and I think the decision was made before, and I don't think that that rule should be changed.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, my question is for the Honourable Attorney-General. Is the Minister at the present time investigating the operations of the pharmaceutical dispensary at Mount Carmel Clinic?

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, I have referred a letter that I had received from Dr. Merry to my staff for the necessary inquiries. I assume that those are taking place, and in due course I'll be notified as to the results. While I'm on my feet, Mr. Speaker, I would like to confirm to the Honourable Member for St. Vital that the Crown is appealing the decision that was handed down in respect to the mercury pollution case.

MR. SPEAKER: The Honourable Member for Charleswood.

MR. ARTHUR MOUG (Charleswood): Mr. Speaker, I'd like to direct a question to the Minister of Industry and Commerce. Could he give the House the name of the consultants at Leaf Rapids.

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

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

While I'm on my feet I would like to reply to a question asked of me by the Member from Crescentwood yesterday with respect to Dring (Canada) Limited of Boissevain. This company recently received some MDC financial support. The question was, is this company a subsidiary of the United States company, and I can advise the honourable member and other members of the House that I'm informed that the company is owned by people local to Boissevain and by certain suppliers, all of whom are Canadians, so therefore it is a Canadian owned company.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, before the Orders of the Day I would like to table a Return to an Order of the House, one No. 28, and also No. 32, standing in the name of the Honourable Member for Charleswood.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Attorney-General which deals with the case of a Mr. Kawa of Elphinstone who was charged the other day and fined \$10 for discharging a firearm at a group of kids who had broken into his store.

MR. SPEAKER: Order please. I hope the honourable member has given the Attorney-General notice of the particulars of the case so he'd be aware of it. The Honourable Member for Thompson.

MR. BOROWSKI: Could the Attorney-General indicate on what grounds those charges were laid and will he appeal them?

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, I'm not in a position to speculate on the decision that was handed down because the defence in this case may wish to launch an appeal and if they do I would not want to prejudice their rights in making any discussion on it at the present time.

MR. BOROWSKI: When could we expect some action on the Headingley riots, Mr. Chairman, where \$10,000 worth of damages was done by 18 prisoners.

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, as I have assured the House when the Honourable Member from Thompson has asked on a number of occasions earlier, we are conducting an enquiry to determine whether or not charges ought to be laid and when that enquiry is complete, and I have recommendations from my staff, I will be acting accordingly.

MR. SPEAKER: The Honourable Member for Rock Lake.



MR. HENRY J. EINARSON (Rock Lake): Mr. Chairman, I direct this question to the Minister of Transportation. Can we expect a report from the Telephone System as to the complaint that many rural people are asking for the elimination of long distance charges in the rural communities before the ending of this session.

MR. SPEAKER: The Honourable Minister of Transportation.

MR. BURTNIAK: I'm sorry, Mr. Speaker, there's a little bit of a hubbub up here and I missed the question completely.

MR. EINARSON: Mr. Speaker, I direct the question to the Minister of Transportation in regards to the long distance charges that many rural people have complained about. Can we expect a report from the Minister before the House prorogues in this matter.

MR. BURTNIAK: Mr. Speaker, first of all I'm not in a position to know when the House will prorogue for sure, but hopefully it will be soon, but I doubt very much if the final report could be made because I do believe that there is some further meetings to be held with the people in the various areas throughout the Province of Manitoba. I think it's only in fairness to them that they should be heard and they should be given an opportunity to give their opinions on certain matters, and until that is done I would imagine that perhaps we can't expect anything like a full report any sooner than by the end of August.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): A subsequent question, Mr. Speaker. Could the Minister tell us who they're consulting with throughout the province - who are the MTS consulting with throughout the province. You say they're consulting with people throughout the province. Is it open meetings or ...

MR. SPEAKER: The Honourable Minister of Transportation.

MR. BURTNIAK: Yes, Mr. Speaker. This is the idea that in an area where they have certain problems insofar as long distance charges are concerned because of the small areas of calling, there are a number of areas in the province that have this problem and they'll be contacted and meetings will be held, of course.

MR. BEARD: Are there going to be any such meetings in northern Manitoba ... south of Portage?

MR. BURTNIAK: Well, if there is a request from any part of the province therefore meetings will be held and it could be quite far north.

MR. BEARD: May I officially put in a request for the Minister of Transportation for hearings in northern Manitoba, Mr. Chairman?

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

MR. FROESE: Mr. Speaker, I'd like to address a question to the Honourable the Minister of Industry and Commerce. Will the recently announced Federal grants or monies that are to be spent on the air industry in Manitoba be solving the problems that were brought to the attention of the Air Policy Committee earlier this year?

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

MR. EVANS: If I heard the question correctly, the honourable member was referring to some grants that were made by the Federal Government recently to the aerospace industry in Manitoba. Was that the ...

MR. FROESE: Federal monies - either monies or grants that were announced that were going to be made available.

MR. EVANS: Well, I believe the honourable member is referring to recent purchase orders placed by the Federal Government to certain Winnipeg companies. I would say that I for one am not satisfied with the one company in particular which has a special arrangement with the Federal Government namely, CAE Limited, that it will be able to raise the level of its labour force to that level which was experienced a year or so ago and certainly not near the level which we would have expected if Air Canada still had its maintenance and overhaul base here in Winnipeg.

MR. SPEAKER: Orders of the Day. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Speaker, my question is for the Minister of Highways. In view of the high rate of accidents involving bicycles and motorcycles, is any special consideration being given by your department to construct bicycle pathways along the main trunk highways?

MR. SPEAKER: The Honourable Minister of Highways.

MR. BURTNIAK: Mr. Speaker, I think I pointed out several days ago that there is some

(MR. BURTNIAK cont'd) . . . . sort of a bicycle problem in the Province of Manitoba that our department and many other people in the province are concerned about. A committee now has been established and they will be looking into the various problems as relates to bicycles in the province and we hope that by the - oh, early in the new year or perhaps before that, that they will come up with certain recommendations for Manitoba based on the study that they will be making with other countries that have had the same problem. It is going to be a very intensive study and they may recommend the kind of thing that the Honourable Member for Portage is talking about.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: A supplementary to the same Minister. Are we following the practice of other socialist countries in bringing in more bicycles rather than having cars for transportation?

MR. SPEAKER: The Honourable Minister of Highways.

MR. BURTNIAK: Mr. Speaker, I don't wish to get involved with the Honourable Member for Rhineland in a debate on that point, however, I don't think that any government is going to try and stop the manufacturing of bicycles. We know that they are going to be at a tremendous increase not only this year but I'm sure for a number of years to come and I don't think it's such a bad thing.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Colleges and Universities that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following bill: No. 55 An Act to amend the Income Tax Act Manitoba (2).

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

MR. SPEAKER: The Honourable Member for Logan.

#### COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: Bill No. 55 An Act to amend the Income Tax Act (Manitoba) (2). (Clause 1 4.1 (1) (a) to (e) were read and passed) The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I understand -- is there a message from His Honour here? I understand that the Legislative Counsel is on his way. I indicated earlier and I'm now speaking - you finished 4.1.1 (e) I believe, and I do have an amendment proposed to add subsection (f) and I'm just waiting for the Legislative Counsel to come, I believe he has copies of the amendments with him together with a message from His Honour in that respect.

The point to the amendments will be to make it absolutely clear that the school tax deduction involves the payment to persons who are not liable for income taxation or for persons whose income tax liability is less than the amount of the rebate which is available to him. This has been discussed with the Department of National Revenue and I might say that there is some doubt that has been expressed as to whether or not the bill in its present form does make it absolutely clear that this will be the case. It was a duplicate of the Ontario bill and it was assumed that it had been cleared with the Federal authorities. But some doubt has been expressed and since we don't want to leave any area of doubt I am proposing that there be this amendment so as to eliminate any possibility of doubt.

Mr. Chairman, while I'm dealing with that, may I clarify a statement that I made earlier which was interpreted by both newspapers to mean something different from what I said. I have a transcript of what I did say and although what I said was correct I feel it did lend itself to misinterpretation. I spoke about the fact that people who did not normally file a tax return because they were not taxable would find it easy to fill out a form, and I referred to the income tax return in that sense as an application.

MR. CHAIRMAN: I wonder if we could have a bit of order. There seems to be a general hum here, I can hardly hear the Honourable Minister.

MR. CHERNIACK: I referred to it in that sense as an application saying that it will be a tax return but it will be an application, and it was interpreted from what I said that there might be a separate form altogether called an application form. I think I said it would be called an Income Tax Return but in effect it would be an application for a rebate. And lest there be any doubt I did not have in mind that there would be a different form to be filled out other than the income tax return but that it would only have to have -- the essence of it would

(MR. CHERNIACK cont'd) . . . . relate to the application for rebate. I hope that clarifies the misunderstanding that arose from what I said.

May I also indicate - and now I am departing from the proposed amendment to (f) - that at any stage that honourable members want to have fuller clarification on the nature of the regulations that would follow, I'd be prepared of course to elaborate on that. But I am still at the stage now where I'm hung up on (f). --(Interjection) -- Pardon? It may not be necessary.

The Leader of the Opposition suggested that we just leave it and come back to it and that's perfectly acceptable to me, Mr. Chairman, if --(Interjection)-- well, it's ready now. So, Mr. Chairman, may I precede my motion by laying on the table a message to the Speaker of the Legislative Assembly which reads: I've been informed of proposed amendments to Bill 55 An Act to amend the Income Tax Act Manitoba (2), a copy of which amendments is attached hereto, which among other matters would permit the payment by the government to certain taxpayers amounts in respect of school taxes paid by those taxpayers. I recommend the proposed amendments to the House. Dated at Winnipeg, this 22nd day of June, 1972, and signed by His Honour the Lieutenant-Governor.

Mr. Chairman, copies of the proposed amendments are now being distributed. Meanwhile I would move that the proposed subsection 1 of Section 4.1 of the Income Tax (Manitoba) - I suppose the word Act should be inserted there - set out in Section 1 of Bill 55 be amended by adding thereto at the end thereof the following clause: (f) school tax deduction where used in reference to the school tax deduction of a principle taxpayer means an amount equal to the lesser of, (1) \$140 minus the lesser of \$90 or one percent of the taxable income of the principle taxpayer in a taxation year; or (2) the dwelling unit cost in that taxation year in respect of the principle residence of the principle taxpayer.

MR. CHAIRMAN: Proposed new section (f) of 4.1 (f) 1 -- passed. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, am I correct that we are moving Section 4.1 (2) up into . . .

MR. CHAIRMAN: No, no. We are adding a new subsection. You should have a copy of the proposed amendment. New Clause (f) of main Clause Section 1, 4.1 (1) and we go to (a) (b) (c) (d) (e) and we're adding a new clause (f) subsections (1) and (2).

MR. CHERNIACK: Mr. Chairman, this document has just been presented to honourable members and the Member for Rhineland I think wants clarification of the intent. The intent is to deal with school tax deduction as I said earlier in relation to those people who are not income taxable. And to precede that, we need a definition so it's absolutely clear as to what school tax deduction means in the further sections that will be proposed. And the school tax deduction applicable to any taxpayer as we've described it, is the sum of \$140.00 if the school taxes exceed \$140.00 - from which sum of \$140.00 is to be deducted one percent of taxable income. But the minimum payable in all respects regardless of income is \$50.00, so that that is Item F (1) is a description of that alternative. If however, the taxes, the actual school taxes payable by a taxpayer amount to less than \$140.00 -- or less than \$50.00 actually - then the amount payable is limited by the amount of the school tax itself, so that no person will be receiving a greater sum of money than he actually pays in school taxes. That is the purpose of the definition in essence.

. . . . continued on next page

MR. CHAIRMAN: f (1)--passed . . . the Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I had proposed an amendment on the following section, and now by bringing in this particular amendment it would certainly rule out my amendment that I had proposed, although the Speaker may have ruled it out regardless. So I'll make my pitch on this amendment rather than on the next one, or probably the next -- it applies equally on the next.

Mr. Chairman, on second reading I took exception to the matter of deduction of the one percent of the taxable income. I feel that the \$140.00 should apply to everyone, because where are we getting the money from to pay the \$140.00 worth in the first place? It's from those people that pay the income tax to a large degree and also pay the tax - and why not give them the \$140.00? I feel that this is something that is coming to them and I certainly wouldn't be one to begrudge them the \$140.00, even though they may have a higher income. And I'm sure that the front bench on that side has a higher income, and they would get more money if they accepted my proposition. This is what they do in British Columbia, and I feel there is nothing wrong with it; they not only have \$140.00, they have 185. I feel that the money that the government has set aside for the purpose of making these rebates will amply cover - even if they amended it to that effect so that everyone would get the maximum amount if it applies - if they have that much to pay in the way of education tax. And therefore I have prepared an amendment; I'm sure that the Chairman might not go along with it because we are dealing with a tax bill - but at the same time these are my views, and I certainly would support any such move that the total of \$140 go to everyone without the deduction of one percent of taxable income.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, may I only say that the honourable member is apparently rejecting the ability-to-pay principle which is a basic one built into this bill, one which is definitely a relationship between school taxes paid and the taxable income of the recipient. I think I -- well I know I speak for every member of the bench which he referred to, all of whom will agree that they should not receive a penny more than \$50.00 under this Act - because we do believe in the ability-to-pay principle, we believe in this. The honourable member voted for it - but he seems now to be swinging and siding with the party to his extreme right which has rejected the principle of this bill by voting against it. So that he may join them if he likes - but he will not persuade this side to go along with him in going along with them, in rejecting what is a pretty important and vital bit of legislation dealing with tax reduction and based on ability-to-pay and school taxes paid.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: I'm certainly not rejecting the ability-to-pay principle; in fact I'm endorsing it - because these are the very people that are paying the taxes in the first place. How can he say that I'm rejecting the principle? It's absurd. I'm endorsing it, because those are the very people that have paid the money in the first place to enable us to bring in legislation of this type.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I have a question to the Minister. I believe he may have answered it but I didn't hear the whole substance of his remarks when he started - and that is in respect to the many people that do not pay any income tax at all. How will they receive their rebate, will they still have to complete the full income tax return statement - or will there be some different form of statement or application that they can apply and receive the rebate; or will they have to go through the full procedure of making their income tax return statement in detail?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I did make the statement and I also accept the responsibility for having made an earlier statement which confused the issue. The income tax form will have with it a form which will be entitled "The Manitoba Tax Credits" - that's not the exact wording necessarily, but it will be something to the effect, "The Manitoba Tax Credit form". That form is rather a simple form and will set out the figure of \$140, or the actual school taxes paid, whichever is lesser. From that amount will be a line showing taxable income which is to be deducted from that figure above it. In the event there is no taxable income because there is no tax payable, then that will be left blank and the balance after the deduction will be the amount payable. That amount from that form will then be transferred to the tax calculation portion of the income tax form and will then appear as an application for refund - as is done in the case of a person who may have prepaid taxes by deduction or otherwise, and

(MR. CHERNIACK cont'd) . . . . then applies for a refund.

The only other line that would have to be filled out is a line above where it says "taxable income". You would have to say: "Income - let's say Old Age Security Pension", whatever it amounts to, and show the exemption, and then "no taxable income" - and that there being no taxable income, then the amount carried forward from the Manitoba form will be the total amount of the refund, and the cheque will be issued by the Receiver General of Canada as a rebate or refund which will represent the refund of the school tax paid by the taxpayer.

MR. CHAIRMAN: (f) sub (i)-- The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, just before the amendment is passed, I take it then that this government doesn't subscribe to the Federal Government paying pensions to everyone, even though they have a substantial income - because this is the very principle embodied in this particular piece of legislation here, that they are not entitled to \$180 because they have a certain income. If the Federal Government were to take the same principle and apply it to pensions, this means that a lot of people in Canada would not be entitled to a pension. And I for one don't subscribe to it. I feel that everyone is entitled to a pension equally, whether he has an income or not, whether the income is substantial or not. And the same principle applies to this particular section here, that when we give the tax credit it should be equally applied regardless of the income of the person - and if the person is entitled to a tax credit, then it should be applied equally.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: The principle does not quite apply in the case of pensions and I believe in universal pensions. In the case of pensions, that pension is income. And that pension is therefore taxable with all other income, and therefore in that sense becomes income and it's taxable, and people of high incomes who receive pensions will be paying tax on it. We are limited here to paying back taxes actually paid as it is not a negative income tax that we are dealing with - it is a school tax paid, and we are using this mechanism as being the cheapest and most effective way of rebating school taxes, or a portion of school taxes actually paid. And we are doing that on the selective basis of paying back to people who are least capable of carrying the burden of real property taxation for education purposes.

May I say however, Mr. Chairman, in line with what the honourable member said, that we have long advocated that instead of exemptions under income tax act, there should be a credit given - and in that way the exemption will not be one which is more beneficial and more valuable to people of high incomes, than it is to people of low incomes - because when the exemption comes off, in effect the saving is at the highest bracket of taxation, not the lowest. Whereas if an actual tax credit in dollars is given, then it will be really helpful to those who are in the lower incomes and who are entitled to exemptions. But we can't do that here, we are limited by the Federal government's willingness to administer our plan, to a rebate of provincial taxation - and in this case to a rebate of educational property tax.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: I would just like to ask a couple of questions for clarification to the explanation the Minister gave earlier, prior to answering this last question. He talks about a person who has no taxable income - that you know could be a pensioner, and their exemptions and what have you would cancel out all taxable income. I would like to throw two figures out to the Minister and ask him - if that person's school taxes were \$280, what would be the money he would receive back from the federal treasury; or supposing his taxes were \$200, what would be the amount of money he would receive back? I just use those two figures to explain the . . .

MR. CHERNIACK: In both cases that person would receive \$140 - that's the maximum allowable. A person who pays no income tax because he's not taxable - and whose school taxes are in excess of \$140, will receive \$140.

MR. CHAIRMAN: (f)-- The Honourable Member for Assiniboia.

MR. PATRICK: A question of the Minister - after explaining the application that the people have to make, I just wondered how cumbersome and complicated this procedure will be - because I feel that many people and particularly most senior citizens, I understand probably up over to 90 percent will receive some rebate - and if the procedure is very complicated, it may cost them a considerable amount of money to fill out this application, and it may be that many of them will have to go and see an accountant or somebody. Is there any procedure that they can follow where they can fill this out, or can they go anywhere, say to the City Hall - or

(MR. PATRICK cont'd) . . . . fill their applications out, because I think this must be given consideration. Perhaps the Minister has, I don't know.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I will agree with the honourable member that people who have not filled out income tax forms for some years will possibly be frightened by the thought of having to fill out the complicated form. I think the honourable member will agree with me that actually it's not so complicated, especially when you don't have any income. It's when you have income and property and income from various sources that it becomes rather complicated. So actually the form is simple, but it can be frightening. And we intend - and I hope the Honourable Member for Assiniboia will not criticise us - for a proper educational campaign to be made so that people will understand that it is a simple procedure to carry it out. And we will have that kind of educational campaign urging people to make sure that they do get their tax forms filled out, and I hope we will be able to arrange proper facilities for those who are unable to do it; that we should be able to assist them in having it done. But the fact is that the portion to be filled out in the case of a person without income other than say an old age pension, really is simple - and there will be barely any cost. When I say that, I recognize \$5 to \$10 as being a possible cost to have someone else to fill it out for them - but we will do our best to make facilities available, and certainly we will conduct a proper educational campaign to encourage them to do that.

MR. CHAIRMAN: The Honourable Member for Ste. Rose.

MR. PETER ADAM (Ste. Rose): Mr. Chairman, I just wanted to clarify a point on the explanation the Minister gave us on the amendment. If a homeowner had an education tax bill of say \$50 or less and he had no taxable income, that would be wiped out; or if he had taxable income, would there be a one percent taken off the \$50 or the \$40 or whatever it was?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the amount to be stated - that is the first figure - is either the actual school tax paid or \$140.00, whichever is the lesser. So that if a person's taxes are less than \$140.00, and the taxable portion of their income or one percent of the taxable portion deducted from \$140.00 comes to a greater figure than the actual school tax, then that person will only receive the actual school tax. But if his income is such in the case where the tax is under \$140 - if his income is such which when one percent is deducted from \$140 brings him below the amount of the school tax, even though it is below 140, then he will only receive that difference. How did I do that? In no case will he receive more than the actual school tax paid.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): Mr. Chairman - and if some old age pensioners that mightn't be very well educated chose not to fill them out at all, there would be no refund for them. Is this the case?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the only way a person can apply for this rebate is by completing the proper forms and sending them to the Federal Government. I presume that there are very few people who are not educated at all; but to the extent that there are such who can't fill it out, then I would take it as my responsibility in the constituency of St. Johns - and I expect that there would be somebody in Pembina who would see to it that they had that opportunity to do it. And as I explained earlier, we will do our best to make sure that they understand how to do it. I am certain, Mr. Chairman, that there may be some to whom the money is so insignificant they may not bother but those to whom it's meaningful they will know where to turn for help and we will try to provide it. There are welfare workers, there are municipal clerks, there are bank managers, there are all sorts of people who would be only too glad to assist an old age pensioner to get that \$140.00.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: One question dealing with this whole Section 4.1 (1). I know there is mention of the ten percent for rental. Does this apply whether it's for a three month period or total year? Does the ten percent apply on the total amount or . . . ?

MR. CHERNIACK: Mr. Chairman, I assume that the honourable member is referring to the possibility of a person who owned a house for half a year and rented for the other half. He would show the period of time during which he paid rent and the amount paid and take ten percent of that as an imputed school tax, and he would take that portion of the year in which he owned property as against the school tax for the year and take that as being - well that will be the actual school tax paid.

MR. CHAIRMAN: (Remainder of Clause 4.1 (1) was read and passed) 4.1 (a) . . .  
The Honourable Leader of the Opposition.

MR. SPIVAK: I waited and listened with interest to the Minister's answers to the questions, I waited for this section because I felt this was the appropriate time for me to enter into the debate and to both restate and once again --(Interjection)-- no I don't have to explain - restate and once again question the action of the government with respect to the proposals that are being asked to be passed by this committee.

When we analyze this particular bill, Mr. Chairman, and analyze the session one must say that from the present government's point of view this is their highlight of their program. What they are proposing is to give people back money which they have already taken away in another form of taxation and they are attempting to hide it under the cloud that we are doing this because there is an ability-to-pay principle which is being applied. In reality, Mr. Chairman, what we are applying is the ability of the government to be able to extract from the taxpayer money which he then can give him back in other forms and then suggest to the taxpayer that he is big brother looking after his interests with respect to the matters that are before him and the incident taxation that he has to pay.

Mr. Chairman, we approach with an attempt to try and rationalize the expansion of government expenditures with a realization that the incidence of taxation and the burden of taxation in all forms was too high on our people, and with the realization as well that the people in Manitoba wanted the government to be in a position to take over much of the incidence of taxation that they now were bearing in one form or another by the cutting down of government expenditures and by the application of the rise in revenues that would come from an expansion in the economy, so that in a real effect and in real terms the individual taxpayer would have more money in his hand rather than the government be in a position of absorbing any increases in income that the taxpayer may receive as a result of his efforts. And we therefore propose a series of positions with respect to the manner in which government expenditures should be handled.

We propose certain criteria that we thought should be applied to the rise in civil service, to the question of health and welfare expenses and to the whole question of education. The government proposed a budget which increased government spending by some 16 million dollars and which increased government spending by another 90 million dollars of borrowed money, for a total of 150 million dollars. We suggested that government expenses could increase by 90 million dollars and it could be borrowed but that the 60 million dollars could be found by cutting government expenditures and by applying it in tax reduction rather than tax increase. The government brought forward in addition to the particular proposal a taxing bill with respect to amendments to the Sales Tax which we suggest have the effect of increasing the Sales Tax from five percent to six percent, with increased additional burdens of taxation for liquor and for cigarettes. They in addition have brought forward a taxing bill which will tax both succession duty and gift tax. And they are proposing to take out of the monies to be realized a program that they suggest will bring a credit back to those people who have been burdened by the increasing costs of education that have taken place in this province. Now our proposals were very simple.

We suggested government expenditure should be cut because we suggested that the only way in which you can get a tax reduction or a tax cut is cutting expenses. You certainly do not receive a tax cut by increasing taxation because in essence somebody is paying for that increase in taxation. Now the Minister of Finance would like to suggest that the people themselves are not paying but rather it's the fat calves out there who are paying, the people who buy liquor and the people who smoke cigarettes and the people who buy production machinery and supplies. But the truth of the matter is that the people who will pay the ultimate taxes . . .

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: It is very infrequently that I rise on a point of order to ask that certain rules of the House be enforced particularly when the Leader of the Opposition is speaking, but I feel at this point, Sir, that I have every justification perhaps in you, the Chairman, to consider the rule having to do with relevancy to the particular subject matter under consideration; and also a second rule, Mr. Chairman, which has to do with repetition. There has been repetition ad nauseam on this bill, on the other tax bill, the same general subject matter has been repeated time and time again by the Honourable the Leader of the Opposition. Now surely there is a limit to the tolerance of abuse of the rules.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, on the point of order. The ad nauseam has come from the Minister of Finance who keeps suggesting that ability to pay and ability to pay and ability to pay is the principle, when the truth of the matter is that what he has done is increase taxation at one end and by a sleight of hand attempted to give it to others, but in reality the overall net effect is that there is no tax reduction in this province, there is no tax cut.

MR. CHAIRMAN: Order, please. I would draw to the attention of the honourable member our House Rule 64 subsection (2) "Speeches in the Committee of the Whole must be strictly relevant to the item or clause under discussion." The Honourable Member for River Heights, the Leader of the Opposition. 4.1 (2) (a).

MR. SPIVAK: Mr. Chairman, in the discussions that took place on the budget, and the presentation by our party, we indicated that it was our belief that the burden of taxation with respect to education tax could be relieved by the government accomplishing the following objectives: . . .

MR. CHAIRMAN: Order, please. Order, please. Order! I have asked the Honourable Leader of the Opposition to comply with the House Rule. Now if he is not prepared to comply with the House rule I'm going to ask him to sit down.

MR. SPVIAK: Mr. Chairman, I am suggesting through you to the government that the proposal that the government has in this particular section does not relieve the burden of taxation with respect to education. I'm suggesting as well, Mr. Chairman, through you to the government, that the relief that is required in this province was the proposals that we brought forward, which if had been accepted and government expenses had been cut would have been able to have been completed without any additional burdens of taxation but in fact reduction of taxes.

MR. CHAIRMAN: Order, please. I do not find that terminology anywhere within the clause that is under discussion. Now the honourable member will consider the clause and stick to it or I'm going to ask him to sit down.

MR. SPIVAK: Mr. Chairman, I am suggesting that the proposals with respect to deduction from tax that is suggested here is not sufficient to meet the rising costs and the burden on the real estate taxpayer in this province and on the owners and renters. If you suggest that at this particular time that's out of order then I would suggest to you that there is really no purpose to any forum which is to be able to debate tax legislation.

Mr. Chairman, I am suggesting that the burden of taxation in this province that should have been relieved should have been the removal of the education tax from all farm land, not through this proposal.

MR. CHAIRMAN: Order, please. I'm asking the honourable member to sit down. Order, please.

MR. JORGENSEN: . . . I have been listening to the remarks of the Leader of the Opposition and in my view, Sir, they conform explicitly to the terms of the particular proposal that is now before us, and any attempt to stop debate on this section by the means of closure is a denial of the rights of the members of this House.

MR. CHAIRMAN: Order, please. I'm not going to engage in a debate with the Honourable Member for Morris. If he wishes to challenge my ruling he can do so.

MR. JORGENSEN: That's exactly what's the intention, Sir, . . . make us challenge your ruling, bias us all the way through.

MR. CHAIRMAN: Order, please. Mr. Speaker, in the Committee of the Whole while discussing Bill 55, I asked the Honourable Leader of the Opposition to comply with House Rule 64, subsection (2) dealing with relevancy. The honourable member persisted and after having been called to order three times, I then ordered the honourable member to sit down. The Honourable Member for Morris rose on a point of order to challenge my ruling.

#### IN SESSION

MR. SPEAKER: Order, please. Shall the decision of the Chair be confirmed? In my opinion . . . Let's go through our regular procedure. Order, please. Shall the decision of the Chair be confirmed? Is it agreed? On Division? Very well. Those against, please say Nay. In my opinion the yeas have it. Declare the motion carried.

MR. JORGENSEN: The Yeas and Nays, Mr. Speaker, please.

MR. SPEAKER: Call in the members. Order, please. The motion before the House is, shall the ruling of the Chairman be confirmed?



A STANDING VOTE was taken, the result being as follows:

YEAS: Messrs: Adam, Allard, Barrow, Boyce, Burtniak, Cherniack, Desjardins, Doern, Evans, Gonick, Gottfried, Green, Jenkins, Johansson, McBryde, Mackling, Malinowski, Miller, Pawley, Petursson, Schreyer, Shafransky, Toupin and Turnbull.

NAYS: Messrs: Bilton, Blake, Craik, Einarson, Enns, Froese, Girard, Graham, Henderson, G. Johnston, F. Johnston, Jorgenson, McGill, McGregor, McKellar, McKenzie, Moug, Patrick, Sherman, Spivak and Mrs. Trueman.

MR. CLERK: Yeas 24; Nays 21.

MR. SPEAKER: In my opinion the ayes have it, I declare the motion carried. The Honourable Member for Logan. The Honourable Member for Gladstone.

MR. J. R. FERGUSON (Gladstone): I was paired with the Honourable Minister of Agriculture. Had I voted I'd have voted for -- against it, I'm sorry.

#### COMMITTEE OF THE WHOLE HOUSE--(Cont'd)

MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, there's been a fair amount of talk about repetition and sticking to the section, and I believe that I can do that, but taxes are taxes and rebate of taxes are rebate of taxes and it's at times very hard to differentiate.

Mr. Chairman, the rebate section of this bill, or the principle of this bill, is not an awful lot different than taking your money out of one pocket and putting it into another, and it's basically called gimmickery - and it is called gimmickery, Mr. Chairman, because that's what the First Minister called it in 1964. When a rebate system was entered into this House in 1964 as far as taxes were concerned the Minister spoke very much on the fact - the First Minister spoke that the bill did not give back enough money; the bill did not take care of renters, which this section does, but also that the ability-to-pay procedure or policy should be adhered to. But his statement regarding the taxation policies which is to have on tax at one time - such as the increases in taxation that we have had in other areas to people - and then to have a bill to repay the taxes is explained by the First Minister as in a headline, "Taxation policies outrageous gimmick, says Schreyer" who is now the First Minister. "You walk and walk only to end up in the same place. What is the point of offering \$50 to a person who will be paying about 48 in new taxes," Mr. Schreyer said. "People will have to stomp, stamp, sweat-away to obtain a rebate of possibly \$2.00." Now I explained that the First Minister was not happy with the bill being a tax bill and a rebate bill. I have explained that he believed it didn't give back enough and to enough people, but his opinion of the rebate statement - rebate system is gimmickery - and I assure you that that hasn't changed through the experience we've had in this province with the rebate system. It hasn't worked, it never will work, and the rebate we've got under 4.1 will not work this time, Sir.

We have a situation where you transfer money from one pocket to the other, and there is never a transfer of money from one pocket to the other because it is handled in-between. You can't possibly administrate it unless you handle it, and if that is the case - if you give back \$50 or \$40 or \$140, I assure you that you must collect a little bit more than that because somebody has to pay the tremendous administration costs that are accumulated to take this payment.

Mr. Speaker, I would now like to sort of quote or paraphrase a tax expert in this province who is now the Leader of the Liberal Party, on taxation. And one time at the St. James Chamber of Commerce basically said that governments are very foolish for having a gimmickery system of taxation. In other words he said it would be very easy, he said, if we would just tax everybody nine percent of their income and we would have enough money to run the country; people basically in the long run would pay less taxes and those who needed help would pay less taxes - but he said government couldn't do it that easy. And yet our tax expert, who is now going to be a member of this House, really believes that it was voted against because of principle or just for the sake of voting against it. Yet now, now for the sake of expediency to go the way he feels the people think he should go, he comes and makes this statement. Yet many speeches were made by that gentleman who said "confusion in government taxation is a tremendous expense to the people".

Mr. Chairman, there is no real reason to continue a long debate on this. My leader chose to speak in third reading regarding taxes about this tax rebate; it has been debated in second reading. And we have a third reading and we have every right to speak in the debate in third reading, and that's really what we are here to say and maybe impress the government

(MR. F. JOHNSTON cont'd) . . . . just once more - that the "gimmickery", in the words of the Premier, is going to cost the middle income people. We saw in the paper last night that the Federal Government Minister says the middle class people are really going to get it in the neck. You can't really in any way, shape or form avoid it in this province. We do not have enough rich - and who are middle class people today, Sir? Plumbers make \$12,000 a year; carpenters, 8-9,000 on agreements; and I agree with that. They have their agreements, they deserve the amount they bargained for and should receive it. But there is the place where these men will be receiving this rebate, but in the long run the other taxes that have been put on to pay out this rebate will have to be more. It has to be more, Mr. Chairman, because you're going to have to handle the money. So you've done it the hard way. You've done it the costly way.

You can argue the ability-to-pay principle all you like; I have heard it many many times. You can definitely argue, Mr. Chairman, that the money is going back to more people. Fine, go ahead and argue it - but it still remains the money has to be collected; it has to be handled; it has to be paid out - and unless you're going to go deeply in the hole, you've got to take in more when you pay out, because we have these administration costs. Rebate systems such as we have under 4.1 only dig this province into a deeper and deeper grave. It's a payment -- that bill goes through in 1972 with a payment that is made in 1973. And, Mr. Chairman, there is no way that anybody in his right mind could support a rebate system, when the other taxes that are being collected are more than he's going to get back - and his cost of living can go up. It's a taxing policy, Sir, a taxing policy which is said to be outrageous and gimmickery by the First Minister in 1964 - and I assure I am talking the policy, not who gets it back; not the ability to pay; not how many people get it back - I am talking the policy. It was attacked on that basis; it was attacked continually, and it was proven wrong. And we did it, and we found it to be wrong - and, Mr. Chairman, what happens to the rebate system. How good is your rebate system when you don't have any control over the other taxing bodies? You can't tell the city to say that -- and it happens, I don't like to say it happens -- they say well you know there's a rebate here and they are going to get some relief here, so we can put it on here. They can do that by law because they are an elected body. Mr. Chairman, the school board can do it by law because they are elected bodies and you have absolutely - they did it with us - you have absolutely no control over them, so you are really putting forth a taxing policy which is gimmickery and digs you further and further into your grave.

Mr. Chairman, anybody in his right mind who would vote for the rebate system of taxes when it has been proven to be outrageous is wrong. I assure you if you want to go out and tax the rich, go ahead, if that is your policy go ahead and . . . do it. I tell you that if you want to give money back to people living in apartment blocks, lower their personal income tax, that will take care of everybody. But the rebate system is uncontrollable, which will dig you into a grave and is gimmickery. And that is a policy - we are not talking about how you do it, who you do it for, when you are doing it - we are talking about policy; and the policy is outrageous gimmickery, says Schreyer in 1964.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I think that the comments made by the Honourable the Member from Sturgeon Creek merit some response, partly because he has made direct reference to a speech I made here in this same Chamber about eight years ago. I can respond to the Honourable Member for Sturgeon Creek without any fear of violating the rules relative to repetition inasmuch as I have not spoken on this particular bill at any of its stages to date.

Let me say first of all, that the honourable member in quoting my statement of 1964 when I referred to the program for a \$50 flat rebate made on an administrative arrangement basis whereby a cheque went to every single household owner in the province was to my mind then, and remains today, an example of unnecessary administrative cost, red tape, and therefore was evidence of gimmickery. The word I used then I believe still applies today. I am not a great advocate of flat rebate systems of tax readjustment or reapportionment.

The Honourable Member for Sturgeon Creek and others I am sure will admit the point, that until 1972, early 72, we did not receive confirmation from the Government of Canada, which really controls the arrangements with respect to income tax matters, we did not receive confirmation that they would be prepared to accept an insertion into the income tax arrangement that would provide or make it possible to arrange for rebates that are related both to real property taxation and to personal income. We received such assurance a matter of a few

(MR. SCHREYER cont'd) . . . . months ago and that is what has made possible the bill, the very bill that is before us now. That is why the arrangement for the \$50.00 tax credit on the municipal tax role which we have adopted ourselves, applicable for this year 1972, was to our mind always the second best choice, was never regarded as the best possible choice.

What is regarded as the best alternative open to us, and it's been open for only a few months and we have seized the opportunity, is the concept that is embodied in the bill that is presently before the House. So I would hope that the Member for Sturgeon Creek would at least acknowledge this much, that when I referred to the tax rebate proposal of 1964 as gimmickery, I did so primarily because it was being carried out administratively in an unnecessarily cumbersome way, in a way that was obviously intended to maximize the sort of individual political awareness. That was the superceding factor, so much so that the government of the day did not take a far more administratively practical course of action which is to -- instead of making out 300,000 cheques, 250,000, which I think would be the approximate number of households in the province -- it was open to them then, as we have done now, to make out the transfer of money to about 180 municipal units, and then the calculation is run from there in a way that saves, I believe, unnecessary administrative costs.

Still if the Honourable Member for Sturgeon Creek were to press me I would admit that even with that one important administrative change, I would readily concede that the flat rebate system is certainly not the most effective nor the most logical way to proceed. It is far less desirable in its social impact than is the bill that's before us now. All the more reason, Mr. Chairman, why we can in good conscience, recommend the legislation before us to the House. It is an improvement, since it is tied to income levels, it is an improvement over the flat \$50 tax rebate or any flat tax rebate system.

Rather interestingly the Member for Rhineland earlier this afternoon was trying to make the argument that this \$140, that instead of the formula in this bill being graduated as it is, based and related to income, that it should be a flat amount and increased from \$50 to \$140. He says look at our old age pension system, it is paid out to people unrelated to their ability to pay. The Honourable Member for Rhineland knows that's not quite correct. Old age pensions today are really consisting of two parts, the standard universal part, which is now I believe in the order of \$82 or \$84, and then there is a supplement which is graduated, based on income and -- no, it's not social allowance -- guaranteed income supplement to old age pensioners is not a welfare program. It is graduated based on income. Over and above that in some cases there is social allowance, a social welfare payment over and above the guaranteed income supplement. The guaranteed income supplement itself is graduated and based and related to income.

So in this sense then, the Member for Rhineland will have to admit that what we are proposing here in this bill is not that different from the old age pension arrangement. We have a \$50 minimum in the tax rebate arrangement that is proposed here, \$50 universal minimum and then a graduation upward in inverse proportion to the annual income of the individual householders of the province. But in no case is the amount of rebate greater than the amount paid on school taxes. That was the intent here, to provide relief on school property tax in a way that is related to income at the same time but without going so far as to make it into a negative income tax or guaranteed annual income program. That may come some day but that is a rather important policy-decision which this nor any previous government decided to take.

So having said that I think it will help to explain to the Member for Sturgeon Creek the context in which I meant it when I said in 1964 that a flat rebate of \$50 paid out to individual households by cheque from the province to individual households, and ignoring the easier administrative arrangement of making the payments in block sum to the municipalities based on their roles, was to my mind at the time an example of gimmickery. Well perhaps I don't convince the Honourable Member for Sturgeon Creek but I think he will admit that there is at least some difference in what we are proposing now and what was proposed in 1964.

MR. CHAIRMAN: The Honourable Member from Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Mr. Chairman, for my own part I do not wish to see consideration of this particular clause in that particular bill pass through the committee stage without my having the opportunity to place one or two comments with respect to it on the record.

I speak for myself, Mr. Chairman, and it will not be a repetitive kind of address I can assure you of that because I had not precisely said before in this debate what I'm going to say

(MR. SHERMAN cont'd) . . . . now, and what I have to say pertains to that clause 4.1 (2) (a) and (b), and it will be brief.

MR. CHAIRMAN: Order, please. The honourable member is referring to repetition. I did not order the Honourable Leader of the Opposition to sit down because of repetition. I ordered him to sit down because of relevancy. I hope that the honourable member will be relevant to the section under discussion, 64 (2) of our House rules.

MR. SHERMAN: Well, Mr. Chairman, notwithstanding that earlier altercation I wish to assure you that I am aware of the admonition to members to try to avoid repetition and I want to reassure you that my remarks will not be repetitious because the particular point that I want to make at this stage I have not made in the manner that I want to do so now. That is this, Sir, I want to say that I agree --(Interjection)-- I beg you pardon,

MR. SCHREYER: . . . say to the honourable member that his last speech was one of the better ones. I hope he wouldn't deviate too much.

MR. SHERMAN: Well I always approach that kind of complimentary remark from the First Minister with some trepidation, Mr. Chairman, as to whether I am being led into a trap but I'll proceed anyway. I thank him for his remarks and I proceed anyway, by saying, Sir, that this particular clause is one that I for my part cannot object to or take exception to or oppose. I believe that by itself if it could be taken, considered and judged in isolation, it would be acceptable to most Manitobans, if not all Manitobans. The problem is, Sir, it's the best part of a very bad package and I cannot find it possible to subscribe to and endorse the total package in the taxation and fiscal area with which we have been confronted by the Minister of Finance and his colleagues in the government this session; as a consequence it becomes technically and politically impossible to separate my position of support for this particular measure of minor relief from my position of opposition to the overall total taxation package of this government.

Any relief is better than none, Mr. Chairman, and I don't think that many members of this Chamber would quarrel with me on that admission. We say we believe that the taxpayers of Manitoba are oppressed by a heavy taxation burden and in that light, with that kind of attitude, we would have to necessarily, conscientiously concede that any form of relief is of some value. This particular clause provides a form of relief to taxpayers and so in isolation, by itself, as I say, I accept it and support it and welcome it as a step in the right direction. But it's unfortunately, Sir, a step in a right direction coming out of a wrong direction that cannot correct the overall problems confronting the Manitoba taxpayer today. Those overall problems consist in a package of taxation which is rendering it unattractive and unrealistic to pursue business and professional and commercial and indeed labour careers in this province in our opinion.

MR. CHAIRMAN: Would the honourable member please come back to the section under discussion.

MR. SHERMAN: As a consequence the position that I at least, and perhaps many other members of the House find themselves in, is one that the Minister will interpret as being pretty ambiguous and pretty ambivalent I am sure, but he is entitled to interpret it any way he wants to. I am telling him that the study that many of us have brought to this particular piece of legislation has been conscientious and agonizing, because we accept, we accept what this particular clause proposes to do. It proposes to offer a small measure of relief. This is the spoonful of honey that helps the medicine go down, Mr. Chairman, and the Minister of Finance may well say to me, well how can you be against the honey that helps the medicine go down? The truth of the matter is that you can be against the honey if there is no need for the medicine in the first place and this is our basic point - there was no need for the medicine in the first place and as a consequence, there is no need for the honey.

If that's an ambivalent position in the view of the Minister of Finance, he's welcome to it. It's not ambivalent to me or to any of us who have attempted to bring the full weight of our consciences to the position that we are taking on this bill. The clause itself cannot be taken in isolation. It's part of a bill and part of a package; we are opposed to the package and have made that position abundantly clear. Anybody who has misinterpreted it has misinterpreted it deliberately, because we have made it abundantly clear that we stand for an approach to spending and taxation programs in this government that preserves incentive and initiative and that doesn't penalize in the manner that the government's programs do penalize, and there should be no misunderstanding, there is no excuse or reason for any misunderstanding of our committed direction on that subject. For the Minister of Finance to expect us to do anything

(MR. SHERMAN cont'd) . . . . other than oppose this bill regardless of the particular clause that we are faced with at the present time, is for the Minister of Finance to expect us to practise dishonest politics. Because our principles with respect to the direction he should be taking in the fiscal field in Manitoba have been enunciated clearly and there is no way he could expect us to say well now that we've told you that your package is wrong, and that you're burdening people with unnecessary taxation loads, that we are going to come along and buy a little piece of that package.

What we have said is the package is wrong, therefore we can't subscribe to it in principle and theory and philosophy or in general approach. At the same time . . .

MR. CHAIRMAN: Order, please. We are dealing with one little portion of the package, would you get back to 4.1 (2), please.

MR. SHERMAN: I will, Mr. Chairman. At the same time I did not want 4.1 (2) to pass through this stage of debate without being able to place on the record the fact that many of us, certainly myself, acknowledge that this clause offers some relief to taxpayers and it would be patently untrue and patently dishonest for the Minister or any of his colleagues or anyone else to try to suggest that we're opposed to taxation relief. We're in favour of taxation relief, and in favour of much more taxation relief than the meagre kind of concession that he is offering the taxpayers through 4.1. But taken in the context of that entire bad package, this clause is the best part of it and I want to acknowledge that.

. . . . . continued on ext page

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I previously discussed some portion of this particular section but that was under the definition stage as has been pointed out. I briefly want to make a few more comments and that will, I trust, be my last on Bill 55. I do not oppose a tax credit but what I'm really not so much in favour of is the way the credit is being reduced, the reduction aspect is what I am up against.

When the First Minister spoke he referred to a program that was instituted some years ago and about the administrative costs. I am sure that if we applied the \$140 straight through this would bring about a saving in the administrative costs. It might not be very much but I'm sure there would be some administrative cost reduction.

On second reading the Minister's reply to some of the comments made from this side, he admitted that the municipalities were burdened and more so in Manitoba than in British Columbia because of the per capita grant that is prevailing out there: the \$28 compared to our 8; the homeowner grant of 185 compared to our proposed 140 now; then also the figure of \$24.9 million the way I figured out what the cost would be in Manitoba if the \$140 were applied straight through. However, the government feels that the requirement is going to be much higher, and if that is the case, Mr. Chairman, then surely the cost of education charged to property in Manitoba must be much much higher in Manitoba than in British Columbia and that our rural people, especially our farmers, are paying an unfair share of the cost of education. Therefore I certainly would not begrudge anyone getting the full \$140 -- and I'm coming back to that particular section because I want to propose an amendment. But before I do so, if I sat on the government side I'm sure that I could bring about some points which haven't been brought out which would really be favourable to the government, but I don't know why they don't recognize them or are they afraid to come out with them? -- (Interjection) -- For one, for one if they had applied the assistance on the Foundation Grant then my particular division, a multi district division, would have received no benefit. Now we're going to receive the full benefit. Then too, on the other way around, we are not being penalized now otherwise it would have been a penalty to us. This is one of the reasons why I am supporting the bill and I'm also supporting the tax credit plan - and I will support it on third reading.

But, Mr. Chairman, before I do sit down, I propose the following amendment: I move that this House consider the advisability of, that Section 1, 4, 1(2)(a) be amended by deleting the words "minus the lesser of ninety dollars or one percent of his taxable income" in the first and second lines thereof.

MR. CHAIRMAN: Order, please. Does the honourable member have a message from His Honour? Does the honourable member have a message from His Honour?

MR. FROESE: . . . abstract form, Mr. Chairman . . .

MR. CHAIRMAN: I'm asking the honourable member if he has a message from His Honour?

MR. FROESE: Well, Mr. Chairman, as I pointed out in past years resolutions or motions of this type have been honoured. We didn't require a message simply . . .

MR. CHERNIACK: Mr. Chairman, point of order.

MR. CHAIRMAN: Order, please. I'm asking you a question. Do you have a message from His Honour?

MR. FROESE: Not yet.

MR. CHAIRMAN: I rule the motion out of order.

MR. JORGENSON: I rise on a point of order. Obviously the rules have changed since the days when my honourable friends opposite were on this side of the House, because there have been many instances where they moved such amendments in the abstract and were accepted by the Chair, and my honourable friend the Member for Inkster is one that has moved such a motion. In this Chamber when a precedent has been established, that precedent is usually followed until it is reversed and I don't know of the occasion that it was reversed except on the instructions of my honourable friends opposite, and that does not, in my opinion, constitute a reversal of a precedent. As far as the precedents that have been established in this House an amendment such as that proposed by my honourable friend the Member for Rhineland is one that has a long-standing tradition of being acceptable in this Chamber.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. SIDNEY GREEN Q. C. (Inkster): Mr. Chairman, I believe that I'd like to speak to this point of order because the Honourable Member for Morris is correct. There was, during

(MR. GREEN cont'd) . . . . the years 1966/69, particularly during the debate on the sales tax, an occasion when it started to be moved and it was first moved by the members, I believe, of the Liberal Opposition, that a section of a bill be amended by saying that the government "consider the advisability of" and then followed what they thought the amendment should be.

Mr. Chairman, I've said in this House before and I repeat now that I was astounded when that particular ruling was accepted and once it was accepted - and the Member for Morris is right. There were numerous motions of that kind and as far as I was concerned they were all wrong and when the House changed we gave the reasons for what happened and quoted precedent. The fact is that you cannot amend a bill by putting those words into it. Could there be a statute that has in it the words, which is what is being suggested, that Section 4 of the statute would read that the government consider the advisability of changing the statute to read as follows, well obviously no statute could contain that type of reference and therefore you cannot make that type of an amendment. An abstract resolution can be moved on a resolution but it cannot be moved on the amending of a bill. And, Mr. Speaker, the fact is that the precedent was reversed and despite the fact that my honourable friend the Member for Morris doesn't like the way it was reversed, I am sure that if pressed, Mr. Chairman, and I don't think you need pressing because in this session you yourself have ruled such an amendment out of order, that the precedent has now been changed, yes. That's right.

MR. CHAIRMAN: I rule the motion out of order.

MR. FROESE: I'll challenge your ruling then, Mr. Chairman,

MR. CHAIRMAN: Order, please. Order, please. Call in the Speaker.

Mr. Speaker, while discussing Bill No. 55 in Committee of the Whole, the Honourable Member for Rhineland proposed the following resolution: That this House consider the advisability of, that section 14.1(2) (a) be amended by deleting the words "minus the lesser of ninety dollars or one percent of his taxable income" in the first and second lines thereof. I asked the honourable member if he had a message from His Honour and he said he did not and I ruled his motion out of order.

#### IN SESSION

MR. SPEAKER: Order, please. Shall the ruling of the Chairman of the Committee be confirmed?

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

MR. FROESE: Yeas and nays, Mr. Speaker, please.

MR. SPEAKER: The honourable member have support? Call in the members. Order, please. The motion before the House is, shall the decision of the Chairman of the Committee be confirmed,

A STANDING VOTE was taken, the result being as follows:

YEAS: Messrs. Adam, Barrow, Borowski, Boyce, Burtniak, Cherniack, Desjardins, Doern, Enns, Evans, Gonick, Gottfried, Green, Jenkins, Johannson, McBryde, Mackling, Malinowski, Paulley, Pawley, Petursson, Schreyer, Shafransky, Toupin and Turnbull.

NAYS: Messrs. Beard, Bilton, Blake, Craik, Einarson, Ferguson, Froese, Girard, Graham, Henderson, G. Johnston, F. Johnston, Jorgenson, McGill, McGregor, McKenzie, Moug, Patrick, Sherman and Mrs. Trueman.

MR. CLERK: Yeas 25, Nays 20.

MR. SPEAKER: In my opinion the ayes have it. I declare the motion carried. The Honourable Member for Logan.

MR. FROESE: Mr. Speaker, on a point of order.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Without reflecting anything on the Chair I would like to bring to the attention of the members of the House the Journals of 1966 show . . .

MR. PAULLEY: Mr. Speaker, . . .

MR. SPEAKER: Order, please. Order, please. I can only take one point of order at a time,

MR. PAULLEY: It's not a point of order.

MR. SPEAKER: I wish to hear what it is. The Honourable Member for Rhineland,

MR. FROESE: . . . show where the Journals definitely indicate where a similar phrase such as "advisability of" was considered in a motion and where . . .

MR. SPEAKER: Order, please. I should like to indicate to the Honourable Member for

(MR. SPEAKER cont'd) . . . . Rhineland, my duty is only to ask whether the House will confirm the decision of the Chair and nothing further. There is no appeal to that, whatever the honourable member had in mind. The Honourable Member for Logan. Order, please. The Honourable Member for Logan.

MR. CHAIRMAN: Order, please. Clause 4.1(2)(a). The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, several comments were made dealing with this section to which I'd like to direct Committee's attention. The Leader of the Opposition and the Member for Sturgeon Creek spoke about this section being the one where you are giving back taxes that you raise elsewhere. I just want to point out that again it is not the same taxpayer and the Member for Sturgeon Creek unfortunately thinks only in terms of one taxpayer. The Leader of the Opposition spoke about the ability to extract taxes and then to give it back. I point out only that the government does have the right, and I believe the obligation, to work towards redistribution of wealth and redistribution of income and indeed that's what ability-to-pay taxation is all about. The fact again is -- now somebody said, again I think it's the Member for Sturgeon Creek, that there's no tax deduction, the taxes to be collected are more than to be given back. I just remind the House that we've given figures to indicate that the rebate is greatly in excess of any increased tax rates by this government.

The Member for Sturgeon Creek spoke about the 1964 legislation which he says was wrong, was ill-advised, was one that should have not been passed. The fact is it's still on the Statute Books, the Conservative Government never cancelled it out, nor did we. The old tax rebate of 64 is still in existence as was pointed out by the Member for Rhineland, the result is we are still sending out cheques. The opposition at that time to the mass mailing of cheques was not only to the mass mailing of cheques, it was to the fact that it was related to a cheque going for every parcel of land. I had occasion to mention here that I acted for a man on one occasion, I'll elaborate a little just to tell members of the House that this man owned six houses in a row, all on one title and thus he was entitled to one \$50 rebate. It paid him to employ me to divide his title into six parcels. When he had six parcels that same man who was originally entitled to \$50 became entitled to \$300, and if that has anything whatsoever to do with taxation policy, taxation principle or ability-to-pay principle then it's far beyond me to see that that is a form of equitable redistribution of income and has no relationship to ability to pay.

The Member for Sturgeon Creek suggested that there has to be control over other taxing bodies. He says you don't have control over school boards and I have yet to learn from the member who sits to his right as to whether he would agree that we become involved in that kind of control.

The main thing that has not been mentioned lately is something that I must remind members of, and that is the tax of which they are so critical has been both passed and acclaimed by the neighbouring province of Ontario to whom our friends have had occasion to point, and the gimmickery or the inadequacy of what they're pointing at, they're certainly pointing at Ontario which does not have the philosophic approach that they say we have.

Mr. Chairman, the Member for Fort Garry is the one who made the most elaborate attempt to justify the most peculiar vote that has already taken place on this bill. He says this clause is one which he supports, and if it were not for the need to go through the mechanics of calling people in this House, I would delight in calling for a vote on this clause, this section that we're dealing with now, in order to put on record the Member for Fort Garry and see whether he votes for it, as I think he said he would because he supports this particular section, and see where the rest of his caucus stand or sits.

In isolation is a most peculiar statement because this entire bill hinges on this one section which says there shall be a tax relief, a reduction in taxation for taxpayers, and that's what they voted against although he says any relief is better than none; no one will disagree with that. Let me tell him I disagree with the statement that any relief is better than none. Because if you take this very section which reads "\$140 minus the lesser of ninety dollars" and if you reverse that and you say "\$140 plus one percent of taxable income", I would oppose it. I would certainly oppose that kind of relief because that relief would be to the wrong people. If you're going to give relief to people on an accelerating basis related to their higher income then it's the wrong way to do it, I would oppose it. So just a casual statement that any relief is better than none is not acceptable and although he thought everybody would support it, I wouldn't. I assume that when the honourable members voted as they did on second reading



(MR. CHERNIACK cont'd) . . . they were opposed in principle to the returning of tax dollars paid on property tax in this form, because that's all that this bill is about.

He said they had an agonizing time and I can understand they did. But he of all had the most agonizing time, I'm sure on that side of the House because he at least understood the concept of what we're doing and although he was critical in other areas, he's the one who said, and I still have the note of what he said, "It is a necessary measure to bail us out of the spending measures that have gone in." A necessary measure, they voted against it; a desirable measure, they vote against it.

Mr. Speaker, the Member for Lakeside made an effort to explain the position they're in. He failed dismally, not only by those who heard him here but by the media who had occasion to comment on what they said. The Member for Fort Garry made another effort today dealing with this section and I believe he was in accord with this section. I think he, too, has failed miserably in explaining how it is that they have opposed it. But now I gather that if we had a vote he would vote for it, at least I'm glad to know that he would vote for it.

MR. CHERNIACK: 4, 1(2). The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Chairman, I didn't have an opportunity to participate in the vote when it was taken this week but I can say that with some experience in the business of school financing, from school board point of view, from being on government side, I can say that the First Minister was correct when in 1964 he was opposed to a rebate system financing education. Whether or not it came from a rebate which you applied for, a rebate that you got off your tax bill or a rebate of any other sort, his basic assessment of 1964 still applies. It's not difficult at all to oppose this bill, because when the Minister of Finance says relief from taxation, it's relief from the policies imposed by the same body that's now trying to grant the relief. The school boards are the instruments of the Provincial Government.

The Member for Rhineland says there's an argument that parallels the old age pension. Well, the old age pensioner is affected by many things in his income position, so there is not a direct parallel; but in the case of school taxation relief through grants you have to remember that the position that the taxpayer is in is a direct result of the policies in education. So what we have is the position of the Provincial Government coming into power, letting its school policies, finance policies, get so rundown that it has to go by a roundabout way to put money into the taxpayers pocket that it's already taken out and that's exactly what you have. It doesn't matter whether it's a pro rata system on your rebate system or any other -- (Interjection) -- certainly it's income related, but the Provincial Government has a source through the Income Tax Act and if it is in the position where it can't get the money directly through the Income Tax Act then it should seriously consider trimming its total expenditure, whether it's a policy in education or it's a policy in another field. But to say that this is a denial of tax relief is just the utmost nonsense. It's relief from the policies imposed by the government and they have control of both. It's not out of their control, it's directly within their control. And to vote against this bill is just as logical as it would be on any other bill whether it was a bill to impose tax or take tax off. If you're going to take it out of one pocket and put it into the other then there is no sense to it.

I have no problem at all standing here and voting against this bill and I have no problem at all going back and expecting a constituent to say to me, you voted against tax relief. Because they know, they know very well - and you people must know from the recent by-election that the people know that you don't get something for nothing in taxation. And to turn around and say now, we have control of education policy, we're not going to give you enough money to run your system equitably, we're going to let you pay that money out, but in order to get back at some of you, we're going to let some of you have it back over here, is just the most nonsensical thing. Paralleled by the direct \$50 rebate system system, which the government a few years ago had the guts to take out of action and go right back to a Foundation Program that gave grants of sufficient equity that they could to it, and didn't have any problem with a political backlash from that move. Because the people know what's going on in the field of education and the people know that this bill and this type of rebate system, like any other type of rebate system, does not answer the basic problem.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: I would like to ask the Honourable Member for Riel that if he can envisage himself as being in the same position, a member of the Legislature in Queen's Park in Toronto with essentially the same legislation before him, a member of the same party caucus,

(MR. SCHREYER cont'd) . . . . would he vote for or against the bill?

MR. CRAIK: Mr. Speaker, I first got elected to this Legislature in '66, I lobbied as hard as I could to get rid of the rebate system and it was successful. Had I been in the Legislature prior to 66 or in 64 when this thing was introduced, had I followed the same course of action when I was on government side, I would have voted against it. I thought it was nonsensical when it was brought in; I thought it was nonsense later and I think this is nonsense.

MR. CHERNIACK: . . . a question of the honourable member. Does he see any distinction between this legislation and that of 1964?

MR. CRAIK: Certainly there is a distinction because of the scaled rebate system within it, it's very different, but, what you're doing essentially to get back at the people in the upper income bracket is prevent them from getting their rebate. Now if you want to do that why don't you just go out and do it and say we're going to tax you a little more because you're in that tax bracket. It's better -- (Interjection) -- Well certainly we'll argue against you, why shouldn't we? I mean that's the nature of democracy. It would be senseless to say that somebody's not going to argue against you, but if that's your problem, I mean you should change governments because there are people who would have the guts, the courage of their convictions to make a move like that.

MR. CHAIRMAN: Order, please. The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I just want to make a few comments here, following on the remarks made by my friend the Honourable Member for Riel. I want to say that the Minister of Municipal Affairs is travelling the Province of Manitoba these days and he's getting some ideas insofar as this bill is concerned and others. Questions are being asked and they are not getting answered.

A gentleman yesterday afternoon at a meeting where I attended he said, I'm paying \$275, an increase of \$275 in my school taxes, I'm getting a \$50 rebate. Now, he said, sure it has been stated that there is a relief there from \$275 to 225, but the fact is, he says, my taxes are still that much higher, \$225 higher they're going to be than they were last year. And the situation I want to repeat, because my colleague from Riel made that statement, and the point that we want to make here is that instead of the formula that you're using I can tell you, Mr. Chairman, and it's been mentioned here, that the tax structure this government is following and the Federal Government is following, it's going to be a haven for tax experts and accountants this year, next year and the years to come because of the complications. The questions that have been asked throughout these meetings the civil service within the departments are not even able to give answers because they're so complicated.

Now the question I want to ask the Minister of Finance before I sit down is how is a Hutterite Colony being handled in this particular situation? Is the maximum amount to a Hutterite Colony \$140, or how is it to be handled.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, from the description of that taxpayer who is up \$275 and the fact that he gets \$50 rebate would indicate that he has a very substantial income if he is in that tax bracket which reduces him to \$50, and therefore . . .

MR. EINARSON: I think the Minister misunderstood me. His school taxes have increased - has nothing to do with his income whatsoever - I'm talking about his school taxes have increased by \$275.

MR. CHERNIACK: Mr. Chairman, then obviously if the man does not have any taxable income he's going to get \$140 back through this method, not \$50 as mentioned by the honourable member. Unless he means \$50 for this year and \$140 next spring related to this year, then he'll get \$190 back. But the honourable member is suggesting, and I want to know is that what that party is saying, will they support this government if this government takes over the administration and the financing of the school divisions of Manitoba? If they say so, let's hear it loud and clear so we'll know what they're talking about. Let them tell us whether they want us to take it over; let them not say they are creatures of this government therefore you're responsible. Do you or do you not wish us to take it over, and if you do say so and maybe we can then consider working together to some sort of control in education tax.

The direct question asked about the Hutterites. As I understand it it's a peculiar problem which is in the process of being worked out so I'm not giving you the final approach to it but as I understand it members of Hutterite Colonies now divide the total profit of the Colony and each reports his income tax on the basis of his proportional share of the total income.

(MR. CHERNIACK cont'd) . . . . . On that basis they would be able to divide the school education tax in the same way and each would then be able to report his portion of the school education tax as related to his portion of the total income. Now that is the direction in which we're going in our discussions. I do not want it to be assumed that that is the way it's going to be, but as I say this is a particular problem and we're trying to deal with that in a particular way. As soon as we get the bill passed, as soon as we get out of the session, we'll be able to work that out.

MR. EINARSON: Mr. Chairman, do I understand from the Minister that a Hutterite Colony is not a corporate structure, rather it could be under several members of that Colony?

MR. CHERNIACK: Mr. Chairman, I don't know why the honourable member understands that from what I said. I don't know the method in which it's done. I said I am informed that the way the income taxes are now paid are on the basis of apportionment of the total income amongst the total members. If I'm wrong then obviously this is proof that I have to look into it more thoroughly and will do so as soon as I get a chance to do so.

Move the Committee rise, Mr. Chairman.

MR. CHAIRMAN: Committee rise and report. 4.1(2)--passed; 4.1(3)--passed.

-- (Interjection) --

MR. CHERNIACK: Mr. Chairman, I'm sorry, I just didn't want to let you pass the section. I thought that possibly members were ready for 4.1(2) to pass and if that's so, that's fine, but I do have amendments to bring and I don't suppose the Committee is -- I have amendments to come in after 4.1(3) and I don't suppose the Committee wants to sit for it, it might take another 10 or 15 minutes. -- (Interjection) -- If the Committee is ready to deal with them and extend this time . . .

MR. CHAIRMAN: Committee rise. Call in the Speaker. Mr. Speaker, the Committee of the Whole has considered Bill No. 55, directed me to report progress and ask leave to sit again.

#### IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Point Douglas, that the report of the Committee be received.

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

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I move, seconded by the Honourable Minister of Finance that the House do now adjourn and stand adjourned until 8 p.m.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 8 p.m.