

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 p.m., Friday, June 11, 1976

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills; Questions. The Honourable Member for Thompson.

ORAL QUESTIONS

MR. KEN DILLEN (Thompson): Mr. Speaker, I have a question for the First Minister. Could he inform the House if there has been any new developments with regard to a meeting in Ottawa between the parties involved in the labour dispute at Thompson?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier)(Rossmere): Mr. Speaker, about all I can report is that a meeting has been arranged at the offices of the Honourable the Minister of Finance, Mr. McDonald, and representatives of the company and of the steelworkers in Ottawa on Monday next.

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I direct this question to the Honourable the Minister of Agriculture. Does the Minister intend to re-constitute the Committee on Land-use before the end of the session?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet): No, Mr. Speaker.

MR. SPEAKER: Orders of the Day. The Honourable Minister of Labour.

ORDERS OF THE DAY - GOVERNMENT BILLS - THIRD READING
BILL NO. 79 - GRANTING OF FISCAL MONEYS

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker, will you call the adjourned debate on Bill No. 79.

MR. SPEAKER: Thank you. The Honourable Minister of Education on Bill 79.

HON. BEN HANUSCHAK (Minister of Education) (Burrows): Mr. Speaker, in taking part in the debate on third reading of Bill 79 I want to comment upon a number of points related to both departments, that of Education and Colleges and Universities Affairs, and in particular in reply to some of the comments made by honourable members of the opposition.

You may recall, Mr. Speaker, earlier this week the Honourable Member for Brandon West pursuant to his own personal interpretation of a newspaper report which he read reporting a speech which I had made in his city - as a matter of fact I believe that the site of the meeting was in his constituency, not only in his city - and he expressed some concern about some of the references that I made to curriculum content as I see it should be in the future and you will recall that the long and the short of a piece of advice that he proceeded to offer the House was that in placing all issues in their proper perspective that he would hope that reference would be made to the Saunders story and that it would be told for all to study, to learn, to acquaint themselves with.

Mr. Speaker, that's not such a bad idea, and I think the Saunders story ought to be told as well as many other stories that our youth ought to acquaint themselves with. I think that the story of CFI should be told, and the story of our publicly owned auto insurance corporation ought to be told also to the people of Manitoba.

I think, Mr. Speaker, that the students in our schools ought to be told the story of the number of programs which we have brought into being which has provided access to the professions, for the disadvantaged, native people, Metis people, people in remote communities and so forth. And I would also include our public housing program, Mr. Speaker we ought to acquaint them with that. And our personal care homes. And yes,

BILL 79

(MR. HANUSCHAK cont'd). . . . Mr. Speaker, tell them the entire story, the entire story and let them compare, let them decide, rather than give them the one-sided version which they had received for over a hundred years in this province, for centuries, ever since schools came into being in this world.

And it is true, I in no way would want to deny having made the statement that there is a private enterprise bias in our education program, as there had been practically since Day One.

A MEMBER: You're determined to wipe it out.

MR. HANUSCHAK: Yes, Mr. Speaker, I'm determined to bring about a proper balance.

MR. SPEAKER: Order please.

MR. HANUSCHAK: I'm determined to bring about a proper balance.

MR. SPEAKER: Order please.

MR. HANUSCHAK: There we go again, Mr. Speaker. The Honourable Member for Lakeside comfortably seated on his brains, comfortably seated on his brains and from that position attempting to give us the benefit of whatever they are concocting. And the Honourable Member for Roblin saying speak for myself. I believe, Mr. Speaker, that this morning . . .

MR. SPEAKER: Order please.

MR. HANUSCHAK: I'll refresh the honourable member's memory. You will recall, Mr. Speaker, the Honourable Member for Roblin made a big issue about our educational finance system, and the Honourable Member for Roblin heard a letter written from another School Division comparable to Duck Mountain School Division, certainly not rating amongst the wealthiest in the province - in fact at the other end of the spectrum - and namely Kelsey School Division.

Now perhaps the Honourable Member for Roblin did not hear the First Minister read that letter into the record or perhaps he was not listening as he is choosing not to listen at this point in time; but in the event that he did not hear it then and is not hearing it now; and in the event that he may take the time to read Hansard at some future point in time; and in the event that he should choose to read the debate taking place this afternoon, I want to remind him again of what the Board of Kelsey School Division had to say - this is a letter addressed to me: "The Board of Trustees of this School Division wishes to congratulate you on the recent grant announcements that recognize the higher costs in lower assessed areas of the north, and this Board appreciates being able to present a budget to the Town of The Pas and the Local Government District of Consol that does not reflect an increase without appreciably having to alter the programs offered."

The Honourable Member for Lakeside says read the letter from the Winnipeg School Division. I will read the letter from the Winnipeg School Division too. I will read the letter from the Winnipeg School Division when they came to us and they identified additional areas of expenditure that are unique to a large urban community having an inner city area such as the Winnipeg School Division has, and we recognize those additional costs and expenditures of the Winnipeg School Division, and we've made provision for them to the extent of \$700,000. (Hear hear)

A MEMBER: Not enough for the French program.

MR. HANUSCHAK: Now, that is not enough for the French program!

A MEMBER: Who said that?

MR. HANUSCHAK: Whoever it was who said that, I don't know. If the honourable member who feels that the French program is not being properly provided for in the Province of Manitoba I'd be quite prepared to accommodate him personally and show him the formula that is devised on a full-time pupil equivalent which provides for two things: 1. establishment costs, and 2. the additional operating costs that can be and are attributed to the operation of a Francais program. I have not heard any School Division in the Province of Manitoba complaining that that formula which this government has approved is inadequate.

Now, I did say that the education program in our school system does have a private enterprise bias, that it is urban oriented, and the remark that the Brandon Sun picked up, which I believe the Honourable Member for Brandon West quoted, it's

BILL 79

(MR. HANUSCHAK cont'd). . . . indicative of a type of philosophy which permeates and has permeated throughout the entire educational program for years and years, that by and large people live in urban communities and life in the rural community is a thing of the past. It was in that light that I made the comment in Brandon, that you know, families live in suburbia and the father works in an office, and so forth, and grandmother lives on the farm whom they visit from time to time on Thanksgiving Day and Christmas, and just go out there for a visit and then back into the city. Well, it is that type of thing, and this goes on and magnified and related at the learning level of the students in the various grade levels, and so it goes.

Take a look at any mathematics text, at any chemistry text, the geography text, is there any reference to the co-operative movement and the role of the co-operative movement and the development of the economy of Western Canada? No one would deny that the producer co-ops and the consumer co-operative movement have played a very significant role in the development of our society, and not a word about that, Mr. Speaker, not a word about the Credit Union movement and its role. In a course on business management, in any business management text which has been written over the past decades, oh one might find a brief chapter dealing with the co-operative movement - and be a very brief chapter - yes, no more than a paragraph or so, and it would say: "Yes, there are co-operatives in existence but they haven't really proven themselves to be viable methods of running a business so let's not pay too much attention to them, let's get back to talking about the Joint Stock Corporation, the limited company, let's talk about that. Let's forget about the co-operative."

MR. SPEAKER: Order please.

MR. HANUSCHAK: A little bit of balance, Mr. Speaker, a little bit of balance to correct the bias which had existed up to this present time. A little bit of balance to point out to the many constituents residing in the constituency of the Honourable Member for Lakeside and for a number of years resident in his constituency - no not in his constituency - now it is in his constituency, Marquette I believe is in his constituency. The President of the Federated Co-operative lived there for many years. I would like to hear his response to the comment made by the Honourable Member for Lakeside from his seat, whether this is swinging the bias pendulum too far the other way or whether it's providing a balanced presentation of a system of the operation of our economy.

MR. SPEAKER: Order please.

MR. HANUSCHAK: There was some editorializing in the press on the comments that I made in Brandon and it was interpreted by one or two of the editors that I'm advocating the stacking, the addition of additional courses to the existing education program. Well, Mr. Speaker, I never said that, that there is need for additional courses. In some areas there may be need for additional courses, depending on the nature of the particular programs, but there is also need to revise our mathematics program, our science program, our history program, social studies, geography program, to present it in its proper perspective, and not necessarily just merely add on additional courses where a teacher will say to the class, "All right class, put away your mathematics texts, we are now going to study about the co-operative movement or labour education, or whatever" - much of that can be and should be integrated into the existing programs. And of course it will also necessitate a close look at our teacher training program, a close look at our teacher in-service, professional development program, to ensure that the teachers within our public school system are adequately prepared to deliver the type of education program that the people want. And I underline the point that the people want, Mr. Speaker, because there isn't one program conducted in any school in the Province of Manitoba that any school division could say that this government, or that my department or that I, had rammed down their throats, not one. Every program is being offered. The school division said this is what we want to offer the students in our community because we feel that this is what they want, this would be of benefit to them, a value to them; this is relevant to our community, and this is what we want included in our education program. It's on that basis that we've seen enrichment and development of our education program in the school system occur, and not by someone ramming programs down their throats.

BILL 79

(MR. HANUSCHAK cont'd)

You know, Mr. Speaker, talking about ramming programs down school district throats, the honourable members from the opposition have a very very short memory. For many years we've had programs rammed down the schools' throats, for many years, when we did have a very very fixed and rigid education program which spelled out in great detail exactly what's to be taught, how it's to be taught, when it's to be taught, to whom it's to be taught. And we had very detailed programs spelling out the entire teaching process subject by subject, grade by grade - in fact was spelled out in such great detail in some subject areas that it was possible for one to look at the calendar and look at his clock and determine fairly precisely exactly what the Grade 7 students were studying in their schools at this point in time, the Grade 8s the Grade 9s and so forth. But they've forgotten that, and they've forgotten when they were part of a system that used to ram education programs down people's throats in that fashion. --(Interjection)-- That is true Mr. Speaker, half of them never got that far, because in those days the schools were established and operated only for the benefit of the elite, and not for the benefit of the entire population of the Province of Manitoba.

Then there were comments made about our attitude toward credit for war service, that we were in some fashion less than kind, that we lacked the type of consideration which we should for those who risked their lives for the protection of our way of life. The honourable members will remember the position that they took, and you will recall, Mr. Speaker, how the debate went on this issue. Their only concern was a percentage rate of a contribution. They said 12 percent is too high, it's got to be something less than 12 percent, 6 percent would be more reasonable, or something closer to 6 percent would be more reasonable. So with them it was not 12, but 6 or as close to 6 as possible. So if the opposition, Mr. Speaker, would have had their way - and honourable members could re-read their own speeches, could re-read the speeches of their colleagues, that was exact position taken by the members of the official opposition, make it 6 percent for everybody. And we said no, it won't be 6 percent for everybody because it's not a question of whether 12 percent is too much, or 11 percent is too much, or 10 or whatever, or 13 or 14. But we said, we're going to recognize two principles: One, the interruption of teacher training or teaching service by the war - in recognition of that principle, credit for war service which had interrupted one's teaching is obtained free: not for 6 percent, but free, at no cost, in the same manner as is presently provided for hundreds of other teachers.

For those whose entry into teacher training may have been delayed by war service and whose entry may have occurred at a time beyond the present statutory limit, commencing at 6 percent and going up at the rate of one percent per year up to a maximum of 12 percent. Because honourable members will agree, I'm sure, that it's rather difficult to defend a position taken by one who may have decided to enter teaching six or seven years after the war ended or six or seven years after the termination point of the time of the statutory period in which he was able to enter teaching, to come in seven or eight years later and argue that his delay. . . The Honourable Member for Roblin wishes to ask me a question. I want to make certain that he understands what I am saying.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, under the greatest of circumstances I have a very difficult time understanding the Minister. I hope he'll continue and maybe when he's finished I will understand him.

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: I do wish the Honourable Member for Roblin well and I do hope that he'll make every effort that he possibly can to attempt to understand me.

It's very difficult to argue on behalf of the individuals who may have entered the teaching profession six or seven years after the statutory limitations to say that his six or seven-year delay was entirely due to his service in the armed forces and hence the graduated scale of payment. And at a maximum of 12 percent, recognizing, of course that there may be many teachers who may have not received credit for war service for pension purposes and entered the teaching profession whenever, that it may be

BILL 79

(MR. HANUSCHAK cont'd). . . .to their advantage to buy that service at 12 percent; it may be to their advantage, either for the purpose of increasing their pension benefits or for the purpose of adding to their years of service and thus enabling them to retire earlier at a higher pension or whatever.

So it was in recognition of that principle that the bill which this House passed was adopted, and it had nothing to do with determining whether 12 percent is too much, or 11 or 10 or whatever. The total cost is 12 percent approximately, plus or minus a small fraction, to pay the benefits that the teachers' pension plan presently costs. But we proceeded on the basis of recognizing those two principles: 1. The interruption of teaching service by service in the armed forces; 2. The delay of entering into teaching brought about by service in the armed forces.

Then more recently the leader of the Conservative Party - now the question is, which one? The leader who sits on the chesterfield, not the one recognized by the Speaker, the external leader --(Interjection)-- he could be, because unfortunately the opposition is in that position at the present time, that one doesn't feel he knows from one day's end to the next who their leader is. Because the House Leader . . .

MR. SPEAKER: Order please. Order please. Order please. Order please. I would hope that we would stick to the relevancy of the bill and not wander too far afield. The Honourable Minister of Education.

MR. HANUSCHAK: Yes, Mr. Speaker. I was experiencing some difficulty in describing and identifying the author of some comments that were made, because as you know, Mr. Speaker, in the case of a political party which is leaderless, you name the leader, and you may name a different leader every day, the rule book isn't clear on that, so we don't know. In fact I do not know at this point in time who is the leader. But nevertheless --(Interjection)-- or whether there is one. Nevertheless - you know, talk about staff unrest --(Interjection)-- I have not lost my train of thought, for the benefit of the Honourable Minister of Lakeside - talk about staff unrest, attributing staff unrest to any actions by anyone on this side of the government, if there is anyone who is doing anything contributing toward a deterioration of staff morale - of course, with very little, if any success, but attempting to do it - it is the members of the other side, it's the members of the other side. When their leader expressed concern about the number of senior staff leaving the Department of Education, and he spoke of an Assistant minister leaving my staff - I don't have any Assistant Minister on my staff, I don't know who he was referring to. But anyway, I'll forgive him that, he was probably referring to an Assistant Deputy Minister, it was probably a slip of the tongue, I'll be kind enough in recognizing the likelihood of a person erring to that extent. So he was probably referring to the Assistant Deputy Minister indicating a desire to . . . or so the newspaper story read, my only information is that which the honourable members have read in the papers. But during the five years, Mr. Speaker, during the five years that I've had the privilege of being Minister of Education in this government, I haven't had any Deputy or Assistant Deputy Minister resign, not one, there hasn't been one. But your so-called leader, or the one whom some members recognize as the leader, complains and talks about an exodus of senior staff, and there hasn't been one.

The Honourable Member for Roblin seems to have a puzzled look on his face, he just can't quite understand that. I'll explain, I'll explain. Once upon a time there was a Department of Youth and Education which was in existence in the days - and I'll refresh the honourable member's memory - that was a department in existence in the days of the Conservative Government in this province - and it had a staff of a Deputy Minister, an Associate Deputy Minister and an Assistant Deputy Minister. Then two departments were formed, they were separated into two, one known as Education, the other known as Colleges and Universities. The Deputy Minister of Education became the Deputy Minister of Colleges and Universities, the Associate Deputy Minister of Education became the Deputy Minister of Education. As time went by, he retired --(Interjection)-- well I would hope that he is working, yes of course, as I would hope that any honourable member in this House upon retirement from what he considered had been his lifetime career would continue to do something of some use and value to society and not just sit back and

BILL 79

(MR. HANUSCHAK cont'd). . . . vegetate. So no doubt he is working. He retired, an Assistant Deputy Minister in Education retired, one passed away, eventually a Deputy Minister of Colleges and Universities Affairs and also at that time Chairman of the University Grants Commission also retired, and those were replaced. So there hasn't been one, Mr. Speaker, who resigned. And going down, there was one Director, yes, there was one Director who is Associate Deputy Minister in another department in our government today, in Corrections. And certainly, Mr. Speaker, I would not stand in the way of any one of my staff who sees an opportunity for promotion or advancement. In fact I would look upon it with some feeling of pride that the individual had been able to serve in my department for whatever period of time and on the basis of the experience so gained, he became attractive to some other department or some other agency for a more senior, a more responsible position. So I certainly can't criticize him for that, nor do I in any way feel badly about it.

But that's the extent, Mr. Speaker, of the changes at the senior staff level in both of my departments. But to listen to the leader who does not have a seat in this House, he would try to make it appear that there's just a mass exodus of staff out of my department, which there isn't. But of course that doesn't surprise me, Mr. Speaker, that doesn't surprise me at all, you know, that type of thinking, that type of attitude. Because you will recall, Mr. Speaker, that the debates on the Estimates of my department, the debates on the Teachers Pension Bill, when the opposition was asked what was your rationale, what were your reasons for not approving what the teachers were asking for when the same request was made of the opposition when they were the government, that question has never been answered in this House. They've never answered that question. One could go through Hansard, Mr. Speaker, to the debate of the Estimates of both my departments and one would find some wishy-washy criticism expressed from time to time, but no alternative proposals, no alternative proposals. The Honourable Member for Roblin said he is not the government.

A MEMBER: He's absolutely right.

MR. HANUSCHAK: He is right, and he never will be. And he never will be, as long as the opposition continues to behave in that manner, he never will be. I'm glad, Mr. Speaker, that we've settled that point, that the Honourable Member for Roblin admitted that he is not the government, and no doubt he knows that if he continues behaving in this fashion, that they never will become the government. So he settled that point. Now the Honourable Member for Sturgeon Creek, again speaking from his seat, said it should have been less. And they're the ones that are expressing concern about the welfare, about the good and welfare of the civil service. And you remember very well, Mr. Speaker, what they're going to do, they're going to fire the field officers. Do you remember that, Mr. Speaker? They were going to fire the field officers. They were going to fire the field officers, after, Mr. Speaker, after I stood up in my seat, at least a dozen times, and explained the changed role and function of the field officers within our education system, and the exact nature of their job, what is going to be. Do you remember, Mr. Speaker, when it came to a vote on the appropriation for the field officers, the opposition said either they do the job that they were hired to do twenty-five years ago or out they go because we're not going to vote for their appropriation. They voted against it, Mr. Speaker. They were going to fire the field officers. And they accuse us of being ruthless and inconsiderate and inhumane in dealing with the public service.

MR. SPEAKER: Order please. Order please.

MR. HANUSCHAK: But they, by their attitude were telling the people of the Province of Manitoba, that they wanted them fired. It was their motion. They voted for it, not we, Mr. Speaker. And that is something, Mr. Speaker, that the people of the Province of Manitoba ought to know. And those who do not know it at this point in time, it will be made known to them in crystal clear terms over the next while, between now and whatever time we have between the date of the last election and when the date of the next one must be called.

You know, talk about people saying one thing out of one corner of their mouth, and something diametrically opposed out of the other. They're experts at it, they're

BILL 79

(MR. HANUSCHAK cont'd). . . . experts at it, every one of them, every one of them are experts at it. You know, Mr. Speaker, last night we heard an honourable member of the opposition accuse a colleague of mine of being a little lying bastard. Now, Mr. Speaker, I would be very reluctant, I would be very reluctant to use that phrase to describe the honourable members of the opposition. I'd be most reluctant to use it, and I'd be most reluctant to use it for two reasons. One reason, I do not know their mothers, and I have no desire or intention to slander them in any way. Reason No. 2, it's true, physically all of them are not little, they vary in size, for those two reasons I would not want to call them little lying bastards.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): On that note, Mr. Speaker, I beg to move, seconded by the Member for Morris, that debate be adjourned.

MOTION presented and carried.

. . . . continued next page

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

MR. PAULLEY: 88 I believe it is, Mr. Speaker.

BILL NO. 88 - THE CORPORATIONS CAPITAL TAX ACT

MR. SPEAKER: Bill No. 88. The Honourable Minister for Morris.

MR. WARNER H. JORGENSEN (Morris): I adjourned the debate, this debate for the Member for River Heights. And I wonder if you'd call one other bill, the Member for River Heights will be in here in a moment.

MR. SPEAKER: The Honourable Minister of Labour. For the edification of the Honourable Member for River Heights, we're on Bill No. 88 and I presume he's going to speak on it.

MR. SIDNEY SPIVAK, Q.C. (River Heights): Yes, Mr. Speaker. Mr. Speaker, I'm sorry I was absent when we dealt with this clause by clause. My understanding on that particular evening was that we were going to be in the Committee on Law Amendments and I did not know, or I was led not to believe that we'd be back in the House.

I must say when examining the sections that were passed - they were passed, page by page, within a matter of two minutes, and I think, Mr. Speaker, that that was a mistake. I think there has to be a much more far-ranging debate on this particular bill, because Mr. Speaker, this bill should not be passed. And I say that because there has not been enough debate on the implications of this bill, on its significance for Manitoba, and for Manitobans, and on the particular sections that have within them legislation that I believe is repugnant and which has not been considered fully in terms of its implications, in which I believe there are some unintended uses with respect to the legislation that has been presented.

Mr. Speaker, I want to make the point, that effectively, when one looks at the corporation tax in this province of 15 percent, add to it the capital tax which will add 1.5 percent tax to that of corporations, or 16.5 and, Mr. Speaker, compares that to the other provinces, one realizes the difference that exists in taxation of corporations in this province and in the others, Now I want to establish that so that we understand what we are talking about. Our corporation tax is now 15 percent, 15 percent of income earned. Mr. Speaker, one has to add the surtax along with the corporation tax, one has 15 percent tax, that's payable --(Interjection)-- 15. And then, Mr. Speaker, one has to add the capital tax. \$80 million will be realized by way of corporation tax, that's forecast in the Budget. And \$8 million is to be realized by the capital tax in one year. And that's 10 percent of the 15 percent that's realized by way of income, which is 1.5. So effectively if we compare the total corporation tax paid by corporations in other provinces with this province, it's 16.5 percent to 13.5 percent in Ontario, to 14.5 percent in B.C., to 13.5 percent in Quebec, and to 12 percent in the neighbouring Province of Saskatchewan. So in effect, Mr. Speaker, corporations doing business in Manitoba will pay a higher rate of taxation, more taxation than in any other place in Canada. And then, Mr. Speaker, we're then having to say, well isn't this consistent with what the First Minister and the Member for St. Johns have said, that corporations should be paying a higher rate of taxation. But, Mr. Speaker, when they talk they talk about those corporations who in effect have large surpluses, and very little debt, when in reality in Manitoba the corporations have very little by way of surplus, and a tremendous amount of debt, because in the main they're struggling to try and keep ahead. And they are going to be taxed in the same way.

Now, Mr. Speaker, the bill has been misrepresented from the very beginning by the government. I am going to try and indicate that directly. The bill requires significant changes. I'm glad the Honourable Minister of Auto Insurance asked... me, when they talked about misrepresentation, and I'm going to read to him what the Budget says. The Budget says, and I quote on Page 14 of the printed version of the Budget, and I want to read this in the record Mr. Speaker:

"For a number of years Manitoba has expressed concern about the effectiveness of the current system of corporation income tax in taxing profits earned in Manitoba by national and international concerns. In total as shown in Statistics Canada, corporation taxation statistics, the corporate sector across the country pays income tax on under

BILL 88

(MR. SPIVAK Cont'd). . . .two-thirds of profit. In fact, the latest available information for 1973 indicates that for the largest corporations, corporate income tax for tax purposes is barely 50 percent of the profits shown in the company's own books. In our view this is a substantial indication that the current corporation income tax base requires a major overhaul. Our concern was increased when we discovered that a significant number of corporations have been able to adjust their accounts in such a way as to pay absolutely no income tax in the years when they report substantial earnings to shareholders and on occasion increase dividends.

"As a means of insuring that a minimum tax contribution will be made to the people in Manitoba, by such businesses," and that's nonsense, Mr. Speaker, because that's not what this act does at all, but they say it in the Budget Speech, "as a means of insuring that a minimum tax contribution will be made to the people in Manitoba by such businesses operating here, we propose to follow the lead of other provinces, such as Ontario, Quebec and British Columbia in implementing a capital tax on large commercial corporations."

Mr. Speaker, they are not putting a capital tax on large commercial corporations, they're putting it for all practical purposes on almost every corporation in Manitoba. Because if in fact they were sincere about only taxing large commercial corporations, those corporations which they refer to in the Budget Address, in which the Honourable Member for St. Johns spoke about before, then the deduction would not be \$100,000, as proposed in the Act, but the deduction would be to exclude all those who qualify under the Income Tax Act for small business deduction. And Mr. Speaker, that is what the exemption should be because in the context of Manitoba small business are those who in fact would qualify for the small business deduction and should be excluded from this tax. And again, I suggest, for the large corporations, the national corporations, who in fact have the surplus, they don't have the debt, but for the small companies in Manitoba who have struggled over the years they don't have the surplus, but they sure as heck have the debt. And they're going to be taxed, and there's no logic in what the members opposite are doing.

Now I don't know what the reality would be as far as the dollars to be realized, it would be less, but I think if the members want to be consistent with what they have been saying, if they want to have any correlation between this Act and the so-called New Democratic philosophy of ability to pay, then how can you rationalize and justify that small business in this province should be paying a capital tax in the same way that the larger corporations with whom you've identified your particular concern.

Mr. Speaker, this tax is just another nail in the coffin for small business in Manitoba, and that's what it really is. It should not be passed for a number of reasons. And I'm going to try and deal with them, and I'm going to try, if I can, Mr. Speaker, to indicate to the First Minister that there are amendments that have to be considered for this bill even if it's to be passed in this session.

First of all, Mr. Speaker, it includes bank loans as a capital tax loans from financing institutions, loans that are required to maintain and keep companies. The answer to that, Mr. Speaker, in my opinion, because I don't believe that those loans should have been taxed because those loans are taxed whether the company has made a profit or not.

You know, for all the scenarios that people can present here, and they've presented a number of them, one thing one has to realize is that many small corporations lose money. They may be fortunate to make money one year, they lose money in the next year. They pay their income tax on the basis of their earnings but their losses can be offset against those earnings because it's understandable that there are high points and low points and that there are peaks and valleys with respect to business cycles, and that corporations should not be penalized because of the lack of consideration and understanding the totality of the nature of the business.

Yet, Mr. Speaker, a corporation can lose substantial money and still pay the tax, and --(Interjection)-- the rationale, is what? --(Interjection)-- The ability to pay? On what basis? No income earned, they still have to pay. Yes, Mr. Speaker, on the basis

BILL 88

(MR. SPIVAK cont'd)of ability to pay, because the government's position is that every corporation should pay, and pay, and pay and pay. And, Mr. Speaker, I do not think that that is really what the New Democratic Party was talking about when they talked about ability to pay.

Mr. Speaker, the other interesting feature, and I do not believe that this should be accepted, and I know it's a direct copy of B.C., as almost every section is here, and you know, I do not accept this as a valid position, that those trade accounts that are over 90 days must be considered as capital and therefore to be taxed, In other words, if your accounts receivable, or accounts payable, Mr. Speaker, are paid on a 90 day basis, a 91 day basis, those accounts payable will be considered capital and you're going to have to be taxed on that.

Now again, I want to talk about Manitoba. I'm not talking about Ontario. I'm not talking about the multi-national corporation, I'm talking about the small corporation, organized in this province, attempting to do business by selling its products in Manitoba or western Canada, who may be fortunate to sell across Canada, who may be fortunate to be able to export to the United States and to the world, and I'm saying to you, Mr. Speaker, that many of these people require and need 91 days to be able to pay as simply a means for them to carry on business because of the impossibility of marshalling capital in this province. But they should be taxed. You know, Mr. Speaker, you might as well wipe out the whole Department of Industry and Commerce and its budget and eliminate its Minister, and Mr. Speaker, you know, Mr. Speaker, that would save the province six or eight million dollars and that would . . . this tax.

And, Mr. Speaker, if you did that --(Interjection)-- Yes, well I want to tell the members opposite in the, you know, in the stubbornness of the government not to recognize the reality of what happens in this province and in their desire to somehow or other entrap or trap and sort of get to those corporations that are included in this statement in the budget, what you are doing is, you are snaring a lot of companies who should not have to pay in this province. Because in effect the savings could be realized by wiping that department out. And I would say to you that if the choice had to be made by business in this province as to whether they had to pay this tax or wipe out the Minister and his department, they would wipe out the Minister and his department.

Now, Mr. Speaker, it's interesting, because it exists not only in this particular statute but in others, although there are I believe in Ontario additional items, there are exclusions: credit unions are excluded, co-ops are excluded, family farm corporations are excluded. Yet, Mr. Speaker, if we have the same balance sheet of a credit union, of a co-op, of a family farm corporation, of a butcher, a baker or a candlestick maker; the butcher, the baker, the candlestick maker must pay. The other three do not. Why? Tell me why at this point in terms of an attitude of government, in recognizing the necessity of exemption for some, can you justify that the butcher, the baker and the candlestick maker should pay and the others shouldn't?

Mr. Speaker, there are, I believe, certain inequities with respect to the application or to the sections as they apply to those who have not paid on time. Mr. Speaker, the government says in this Act that on all overdue payments there will be an interest charge of 12 percent, but if on the other hand a payment has been made which is in excess of what has to be paid, then the government will pay interest at six percent. So, Mr. Speaker, the government will charge 12 percent on all those who have been delinquent and who must pay, and who have not paid, but they will pay six percent. Now, Mr. Speaker, the 12 percent that's been charged in all likelihood will not be able to be deducted as an expense when they apply to the Federal Government because in The Income Tax Act right now, interest on overdue payments is not deductible. So therefore, Mr. Speaker, the 12 percent effectively is 24 percent. The interest that the government will pay, the interest that the government will pay, which is six percent, Mr. Speaker, the interest that it will pay on overdue payments will be considered income and therefore effectively is really three percent to the corporation after.

A MEMBER: Ah.

MR. SPIVAK: So in effect, Mr. Speaker . . . well ah, you know, ah. It's

BILL 88

(MR. SPIVAK cont'd). . . .easy. Let me ask you something. The Federal Income Tax Act provides that the interest paid, that the interest paid on money held by the government will be the same as the interest paid by the taxpayer on overdue payment. And that surely is reasonable. Why should there be a variation? Why should it be 12 percent and six percent? Why shouldn't it be six percent and six percent?

Mr. Speaker, if you are late in your payment of moneys owed under The Federal Income Tax Act, there is an interest payment that has to be made. In this Act we have a penalty of five percent, not an interest payment and this is a delay, not a breach of payment. I'm not talking about breach of payment, I'm talking about a delay. In the Federal Act if there is a delay you pay interest on it, the interest that the government itself has set on overdue payments. But here we have a penalty, and the question is why? Mr. Speaker, in this Act, and I believe that this exists in some other provincial statutes - and this is an interesting area of debate - in this Act there is Ministerial discretion for seizure of books, whether or not it has commenced or not. Now I think this is very important, Mr. Speaker, because I want to talk about human rights, civil liberties, and the basic argument about administration of the government and our concern.

Mr. Speaker, there are three sections and I don't - because we're not dealing clause by clause with them - but there's three sections in the Act which deal with the right of access to records and books and no one is in any way suggesting that there shouldn't be that right. But, Mr. Speaker, there is a section in this Act that does not exist in The Income Tax Act on the Federal level and that is that a seizure can take place without a court order before an audit has even commenced. Mr. Speaker, if an audit has commenced and the assessor determines that there is information that's required, documents have to be taken, he should have that right. If in fact he has reason to believe that there is something happening that should require a direct action, he can apply to the court. But here there is a section in the Act which gives the Minister the discretion to order a seizure, not on any reasonable grounds but to his satisfaction, and he then can go ahead and seize it before an audit has commenced without going to the court. And when we argued on the snooper clauses in The Consumer Protection Act, when we argued in this session on the various other Acts, we basically came to the principle that the right of inspection of records should be there and if a refusal takes place that there should be the ability to be able to go to the courts immediately and that there should be some check and balance on the administration. And, Mr. Speaker, in all conscience that particular provision which, not even on reasonable probable grounds but just to the satisfaction of the Minister, does not have the checks and balances that are required; and on a straight civil liberties position, that particular section should not be supported, nor should the bill be supported.

Mr. Speaker, in this particular Act the onus is on the person who has been assessed or who has been charged - I'm now talking about prosecution, not assessed. In respect of a prosecution the onus is on the person who has been considered to be guilty and who has been charged to prove his innocence. He is guilty until proved innocent. This is not the case in the Federal Act on Income Tax. There is a responsibility on the Crown, and that's pretty basic, to prove the guilt of the person who's been charged. Now the First Minister, I believe, talked about the pristine attitude of people with respect to the onus section as if it really was not important. --(Interjection)-- Well I think it is...

A MEMBER: . . .an unbeliever.

MR. SPIVAK: Well, you know, I just say to you that at this particular time ...

A MEMBER: . . .Federal statute.

MR. SPIVAK: Well the Federal statute does not say the person is guilty until proved innocent.

A MEMBER: It's in all the labour bills.

MR. SPIVAK: It does not say that the person is guilty until proved innocent, not on a prosecution, Mr. Speaker. The Crown has to prove the guilt of the individual.

MR. MCKENZIE: Right, dead on.

MR. SPIVAK: And the Crown should have that responsibility.

MR. MCKENZIE: Dead on.

BILL 88

MR. SPIVAK: In a taxing statute the Crown has to prove the guilt of the person.

A MEMBER: That's criminal.

MR. SPIVAK: That's right. That's what I'm talking about. I'm talking about criminal. In your Act . . . in a criminal charge in a prosecution the person is guilty until proved innocent. --(Interjections)-- Do you want to now start reading the sections?

MR. MCKENZIE: Look at the labour bills, at its onus clause, it's in them all.

MR. SPIVAK: In any prosecution the failure to pay tax on any of the proceedings of an elective tax, the onus of proving that the tax was paid or that no tax is payable, as the case may be, is on the person alleging that the tax was paid or that no tax was payable --(Interjection)-- in any prosecution for failure to pay, in any prosecution to pay.

A MEMBER: How fair do you want it man?

MR. SPIVAK: Well, Mr. Speaker, this is a prosecution. In any prosecution for failure to pay and that's a prosecution under this Act.

A MEMBER: You can go to jail.

MR. SPIVAK: And that's of a criminal nature, Mr. Speaker, and the person is guilty until proved innocent and that's not a civil action for the collection of tax. And if this was intended to be a civil action for the collection of tax, then this section should be changed.

MR. MCKENZIE: It looks like Bill 20 again, Sid.

MR. SPIVAK: Mr. Speaker - and I've already pointed this out to the Premier - there is a right of an appeal to the Minister with respect to an assessment and then there is, properly, a right of appeal from the Minister's decision, to the Court of Queen's Bench. But unfortunately, Mr. Speaker, there is no time limit within which the Minister has to make his decision and therefore the Minister can frustrate the appeal of the taxpayer by not rendering a decision. In the Federal Act I believe there is a time limit of within six months or 180 days, that the Minister to which an appeal has been made must render his decision. And if he renders a decision against the taxpayer, then the taxpayer is entitled to appeal to the courts. And I implore the government, because at this point the government has retained the right to essentially frustrate the ability for an appeal by the Minister not having to make that decision. The clause refers to forthwith but, Mr. Speaker, there is no time limit and a time limit is necessary in this regard.

Mr. Speaker, there are a number of questions to be asked and I know what the answers will be because they will simply refer to The Income Tax Act and say that they have covered it as other provinces have covered it, but I question whether that judgment is right.

I wonder whether golf clubs and curling rinks are now going to be included in this tax. Are they really exempt or not? And there is a particular clause that says those - I refer to I believe 149.1 - that the income tax will be excluded. But, Mr. Speaker, I think that there is now and has been a determination that in some cases curling clubs have had to pay some income tax on some realized income and therefore on that basis, they are going to be subject to a capital tax.

Mr. Speaker, one can draw this kind of scenario: Where Corporation A borrows money from a bank, loans it to Corporation B, who then loans it to Corporation C --(Interjection)-- Well this happens, Mr. Speaker. Well, Mr. Speaker, it happens. It happens for a number of reasons. --(Interjection)-- Well, Corporation A may be able to borrow that money from the bank and give it to Corporation B, because Corporation B could not borrow the money, and, Mr. Speaker, in that case we have --(Interjection)-- Well let's just try and see this. Corporation A borrows money from the bank; Corporation A then gives the money to Corporation B, lends it because B cannot receive it. --(Interjections)-- Yes.

MR. SPEAKER: Order please. If we're going to have a two-way conversation, why don't the two gentlemen take off.

MR. SPIVAK: Well, Mr. Speaker, that's an area that isn't so silly, I think it happens many times in Manitoba. --(Interjection)-- Why? Primarily because people in Manitoba are not the wealthy corporations that you sort of suggest in your Budget and have a difficult time at different times being able to arrange its financing through financial

BILL 88

(MR. SPIVAK cont'd)institutions, whether it be banks, credit unions, or other financial institutions. And, Mr. Speaker, what happens is, you pay tax on the loan from the bank in A, you pay tax on the loan from the corporation in B, and you pay tax on the loan for Corporation in C, and I want to suggest that can happen and will happen in many cases. It's a good scenario and there's no provision for that.

You know the First Minister says it's strange, and I must say if we were to get a 100 lawyers in this Legislature today and they were to talk about the corporations they act for - and they are not, Mr. Speaker, the major firms in the city - they will tell you that every corporation has difficulty financing in this province. And they will tell you that there are schemes all over to try and be able to get sufficient credit to be able to keep their head above water, and they will tell you as well that in all those schemes, various things happen. And the kinds of things that I'm suggesting happen over and over and over again, Mr. Speaker, and the tax will be paid once, twice, three times, and there's no limit. There's no provision for any restriction on that in that kind of situation.

Mr. Speaker, there's another scenario which is sort of interesting. The income tax that is payable by a corporation is now going to be considered capital and we're going to be paying a tax on income tax to be paid. The income tax. . .well the income tax . . . Mr. Speaker, I'll look at the sections but the income tax that is payable by a corporation is in fact part of its capital by the very definition of capital, and therefore in Manitoba we are now going to have to pay a tax on income tax that's payable.

A MEMBER: Will the honourable member permit a question?

MR. SPIVAK: After. Mr. Speaker, there is a provision in this clause for a mid-month payment, and why I don't know. Corporations are organized now and have been for some time, administratively to deal on a monthly payment for very good reason. And why there is an insistence on the part of the government for a mid-month payment, which really goes against the trend in terms of the first installment, the 15th rather than at the end of the month, is beyond me. --(Interjection)-- Yes, no doubt. It's just another burden. It's just another irritation. It's just another difficulty. It's just another means of having to finance before the receivables are received. And, Mr. Speaker, I don't think that in the Manitoba context, the people who drew this have any understanding of how a small business really operates in this province.

A MEMBER: Dead on, Sid, dead on.

MR. SPIVAK: And, Mr. Speaker, what we really have is a situation whereby there has been an application of this Act which really is a copy of the B.C. Act, in the expectation that it will realize some money without, Mr. Speaker, considering what I think is the most important factor, that this has and will have somewhat of a detrimental effect. Now, the First Minister was absent when I began - I don't know how much time I have, Mr. Speaker - but I want to . . .

MR. SPEAKER: Ten minutes.

MR. SPIVAK: Fine. I wonder if I can repeat what I said so that the First Minister will be in a position to reply at the appropriate time. Our Corporation Tax is 15 percent now with the surtax. --(Interjection)-- Well for those corporations who are going to be paying tax, right?

MR. SPEAKER: Order please. Let's not have a dialogue.

MR. SPIVAK: All right, let's talk . . .to the major corporations, 15 percent?

MR. SPEAKER: Again, I don't know what it takes for honourable members to realize that they are not following procedure when they are starting a dialogue. If they wish to debate they have the floor. If they do not desire, if they wish to have a conversation, I'll entertain some other speaker.

MR. SPIVAK: Mr. Speaker, our Corporation Tax is 15 percent at this time, it will realize \$80 million corporation tax. This is to realize \$8 million, which is really ten percent of the 80 million or another 1.5 percent. In effect if you - and I'm trying to compare apples to apples - Manitoba will be 16.5 percent by comparison to 13.5 in Ontario, 14.5 in B.C., 13.5 in Quebec, and 12 percent in Saskatchewan. Now why Manitoba has to be the highest tax is beyond me. I say to the members opposite that if you are going to proceed with this to in effect accomplish the objective contained in the

BILL 88

(MR. SPIVAK cont'd)Budget, which is to get those corporations who have effectively not paid income tax then what you should do is exempt all those corporations in Manitoba who in fact are entitled to the small business deduction under the Income Tax. Mr. Speaker, we're now talking about objectives. Your objective is clear, it's stated in the Budget. I suggest to you that the Federal Government has recognized the need for protection, not for protection, but recognized the need to assist, to help small business and has provided the exemption for them. Mr. Speaker, I suggest that that should happen here. The failure to do that is the failure to recognize what has happened and what is happening in Manitoba.

You know, Mr. Speaker, when we dealt with The Corporation Act when it was first presented, I asked the Minister of Industry and Commerce whether he had looked at that Act because I don't think one department of government really talks to another, not because they don't see each other - that is the Ministers - but I don't think that the kind of communication and dialogue that should be talking place is taking place; and I have a feeling that much of what happens in the business world which affects business is not known to the Minister of Industry and Commerce until the events have already taken place.

Now, Mr. Speaker, how the Minister of Industry and Commerce - and he's not here - can allow this to happen having spent as much time as he had trying to encourage the growth of business in this province and not to recognize the need for the kind of exemption that would protect them, is beyond me. Family farms are protected. Credit Unions are protected. Co-ops are protected. They're excluded, and Crown corporations are obviously excluded. I mean, you know, if one was to apply the capital tax to Saunders, we would have had to pay \$400,000 this year. I mean that's what we would have had to pay, if I'm correct. No, let's see, \$400,000. One percent - I'm wrong sorry, it's \$40 million - one percent of \$40 million, one-fifth of one percent, so it would have been \$80,000. Well, Mr. Speaker, we still would have had to pay \$80,000 on Saunders but that's exempt as well. But we don't exempt small business --(Interjection)-- What? Small business is not \$100,000 small business? That's nonsense. The Federal Government says, yes, small businesses are those people who are entitled to small business deductions under the Income Tax. Surely, they as a people are not included in this particular statement. --(Interjection)-- Well, I know, but then we have the basic problem, and I said this from the beginning. Ontario's done it, B. C. has done it, therefore we have to do it.

But let's understand our problem in Manitoba as opposed to the problems in B.C., as opposed to the problems in Ontario. Let's talk about the difficulties that business has had. That's why I say there's been a failure on the part of the Minister of Industry and Commerce, because he obviously hasn't been able to persuade the members opposite about the real difficulty that people have in Manitoba doing business in this province. Or, Mr Speaker, he doesn't even know what's happening. And I don't know which it is. But either way it's a testimony to a failure, Mr. Speaker, to . . . I suggest, Mr. Speaker, that this is one of the problems. I come back to the conclusion, eliminate the Department of Industry and Commerce and you don't need this tax, and that would be a far better result.

Mr. Speaker, from the beginning this Act has been totally misrepresented by the government. The First Minister made reference to the AIB and suggested this was complementary to it. That's not so. In the Budget Speech they talked about corporations and then they tax those that are not included within that group - substantially the most significant number as far as Manitoba is concerned. So as a result we have an Act that has inequities, that it gives the government power that it should not have; that I think will have some difficulties in its operation; that as I look at the deduction sections, and I can't suggest that I understand the mechanisms that the First Minister referred to as well as others, it seemed to me it will allow some of the major corporations in this province to be able to effectively, the major corporations through their devices to effectively be able to eliminate the amount of tax that they are going to have to pay - I think that's going to be one of the serious problems on this - but nevertheless the whole range of smaller corporations are caught. Mr. Speaker, I think that that is a mistake

BILL 88

(MR. SPIVAK cont'd)and an error in judgment.

There hasn't been sufficient time for an understanding of this. There has not been sufficient time for debate. The implications of this Act are very different than the implications on which the basis of this Act was first produced; and to a large extent there's been a complete misrepresentation on the part of the government in its statement in the Budget and in the First Minister's statements in the introduction of the Act.

The amounts are small this year, Mr. Speaker. In the years to come they will increase because this is a very effective way of gaining money without having to go to the people and ask them to pay directly. It's easy to add, and I suggest the scenario will be as I've indicated before, notwithstanding the statements of the Honourable Member for St. Johns, it'll be one-fifth of one percent, two-fifths, etc. B. C. has already gone from one-tenth to one fifth, if I'm correct, and it's rising, and so will it rise here, and each year there will be more money demanded from the corporations whether they are in a position to earn money or not, and this will be another means in which the Budget itself will be able to be balanced. Who will be the losers, Mr. Speaker? The people in this province will be the losers. The corporations will then, as I believe they are now, examine their situations with respect to Manitoba, and there will be jurisdictional shopping for the kinds of things that will be of benefit to them, and the flow of capital out of this province will continue. The members opposite can stand and protest and they can say all they want, that they're not aware of it, but the truth is they are aware of it, Mr. Speaker, and it is happening.

This is an unnecessary bill in the perspective of where we stand today in this province, and in respect of small business in this province, and the need to nurture that which we have rather than penalize in a punitive way at this point those people who are attempting at this point, for their own benefit admittedly, to try and develop something themselves, but in the course of doing those things are creating job opportunities, are raising the income levels of the people who are working in Manitoba, and who at the same time have been contributing to the total economy of this province. Mr. Speaker, those are the people who at one point should be given some consideration, and the consideration would have been in the kinds of exemptions that the government could have undertaken, but it refused to undertake.

Therefore, Mr. Speaker, . . .

MR. SPEAKER: The honourable member's time is up. I'm sorry, I gave the honourable member five minutes and his time is not up - by leave. (Agreed) Very well.

MR. SPIVAK: I move, seconded by the Honourable Member for Arthur, that Bill 88, The Corporation Capital Tax Act be not now read a third time, but be read this day six months hence.

MOTION presented.

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

MR. SAUL CHERNIACK Q.C. (St. Johns): Mr. Speaker, I had occasion to speak after the Member for River Heights when he spoke last on this bill and I would like to make some comments on what he said today. I must say, Mr. Speaker, that one can tell, well tell, that the occupation of the Member for River Heights is that of an entertainer, that he derives part of his livelihood from the entertainment business and he is well related to it. Because, Mr. Speaker, the fact is that he builds scenarios, he works with sort of a fictional approach to matters in order to try to prove points which are otherwise of little help.

Mr. Speaker, the honourable member building a scenario as he did conceived in my mind some very peculiar kind of relationship where Company A borrows money and lends that money to Company B, borrows money, lends that money to Company C, Company C will then lend money elsewhere. Mr. Speaker, I don't know, I suppose my practice was very limited, and I didn't practise law for terribly long, some thirty years, to be able to report as glibly as he did a picture of 100 lawyers coming in here and telling us that they well knew this kind of scenario. His imagination runs very far. It runs to the extent that he is able to create again a sort of a mystique.

Mr. Speaker, do you remember, he was telling us about these small corporations,

BILL 88

(MR. CHERNIACK cont'd)for whom he has great concern - and I have a concern too - for companies that don't make any money, but have assets which will be taxable. According to this bill the assets will be taxable when they exceed \$100,000, and there are certain exemptions from them; and now we picture that that corporation is not making any money and therefore the Member for River Heights says: "Why are you taxing them?" Then he said: "And taxing them?" And almost in the same sentence, why they have to pay 12 percent for late payment and they only get six percent for a refund. Why, he says: "That's equivalent to 24 percent that they will be paying because they cannot deduct this from income." Which income? The income which they didn't earn. That's the scenario that I saw that he painted, because he did relate to us the plight of the corporation that doesn't even earn money, even taxable income, and then he says: "But they're paying the 50 percent tax." -- (Interjection) -- Mr. Speaker, you know, you told us not to have this conversation. But you know, he just said, "That's true." That's true, Mr. Speaker. Corporations don't pay a tax, but yet he says that they will be paying a 50 percent benefit. Mr. Speaker, the small corporations don't pay a tax if they don't earn money and if they do pay a tax, it's not 50 percent. But the honourable member in his scenario construction probably relates only to companies that are under the 50 percent bracket. So let me tell him, Mr. Speaker, that he must realize - but he didn't mention that today because he was wrong the first time - well I think he did sort of imply that he was right by saying that, why this is another one-fifth of one percent, that's another tax, he somehow related it to 1-1/2 percent I believe.

Mr. Speaker, that's a deductible tax what is paid. It is deductible from income. So that the tax that's paid under this bill is half paid by the Federal Government's Income Tax collection as a deduction. Oh, Mr. Speaker, now we find that his 50 percent redounds to the benefit or the advantage of the corporation which pays the taxes. Because, Mr. Speaker, --(Interjection)--

MR. SPEAKER: Order please. The Honourable Member for River Heights state his point of privilege?

MR. SPIVAK: The Member for St. Johns is correct what I said about 16.5, I did not explain the deductibility. But I said I was trying to make comparisons of apples to apples and compare the provinces, and in this respect the presentation I made applies correctly to each province. All of them would have that same deductibility quality.

INTRODUCTION OF GUESTS

MR. SPEAKER: Order please. Before we proceed, I had an oversight a moment ago. I'd like to introduce 34 students from Hartney Collegiate of Grade 11 standing whose teacher is Charlonde. These students come from the constituency of Arthur. On behalf of the honourable members I welcome you.

BILL 88 (Cont'd)

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

MR. CHERNIACK: Mr. Speaker, the honourable member who just made another speech under the guise of it being a point of order, is the same member who wouldn't let me ask him a question while he was speaking, but he didn't hesitate to interrupt while I was speaking in order to make another little speech, in order to explain what he omitted to say while he was speaking the first time. Now he wanted to elaborate on it. I don't mind. If he wants to ask me a question I would accept that too. He didn't need to get around in a round-about-way to make his point. I just point out to him that I would not have to deny him the right to ask me a question just because he denied me the right to ask him a question.

MR. SPEAKER: The Honourable Member for River Heights state his point of privilege?

MR. SPIVAK: Mr. Speaker, on a point of privilege. I indicated to the member during my presentation that I would answer the questions afterwards. Mr. Speaker, unfortunately my time was limited and I had to have leave to present the motion.

BILL 88

MR. SPEAKER: Order please.

MR. SPIVAK: Well, Mr. Speaker . . .

MR. SPEAKER: Order please. I should like to indicate the honourable member didn't have a matter of privilege the first time, which was an explanation, and he still doesn't have one. The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Speaker, I wish you would remember that the honourable member is relatively new to this House and may not know the rules that well. Therefore I'm sure he would not take advantage deliberately of a breach in the rules in order to make a point.

Mr. Speaker, the point I'm making is that although he wanted to talk about oranges and oranges or apples and apples, the fact is he used numbers which were incorrect. The fact is that he made it appear as if this tax is indeed a tax which is not in itself a deductible tax. When he talked about 50 percent, and he did, I make it clear he did not talk about small corporations in my concept, nor in the concept of the Federal Income Tax Statute, nor I believe in his own context, because I don't believe that he would suggest that a company which is in the bracket which pays 50 percent corporation tax is a small business. But maybe I'm wrong. Maybe he does. But if he did say - he's talking about 50 percent deductible - then he should admit that the one-fifth of one percent to a large corporation is indeed one-tenth of one percent, which is exactly what it is in B.C., and which is one-tenth of one percent of the amount.

Mr. Speaker, I am under the impression that before I came into the room the member was saying something to the effect showing that B.C. has a lower rate than we do in Manitoba. If that is the statement he made, then it's not correct; it is the same rate in income tax and capital tax.

MR. SPEAKER: Order please. The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker. I'm sorry. If the Member for St. Johns is referring to the Capital Tax - and I think that's what he's referring to - is that right? Then I did not say that. I said at one point it was one-tenth of one percent moving to one-fifth.

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

MR. CHERNIACK: Mr. Speaker, the reason I mention all this is the fact that I referred the last time I spoke on this bill that it is a recognized fact, as stated by authorities, that the corporations in various industries are paying a tax on a substantially smaller income bracket than is their reported profits. And I have a quotation somewhere, but I recall that Mr. Smith, Arthur Smith I believe, who was the Commissioner on an Ontario Royal Commission on Taxation which reported about 1973, stated clearly that corporations because of tax structures have been getting substantial advantages and not paying their equitable share of taxation, and suggested that ways and means have to be devised to get larger taxation on an equitable basis from the corporations.

Now, I did on one occasion ask the Honourable Member for Steinbach what he thought was a small corporation, and he at least gave an opinion. The Honourable Member for River Heights didn't - of course I wasn't allowed to ask him a question because he ran out his time, but the fact is that the Honourable Member for River Heights said he thought \$200,000, and then while he was talking he raised it to \$300,000, at least that's something that we could discuss, and I hope we will discuss it next year and possibly he could be convincing.

Now, Mr. Speaker, there's one point he made about accounts payable that over 90 days, that they are taxable, but I am informed that they are not included if they are payable to individuals - I haven't found that section there, but that is what my notes do indicate - and that accounts receivable if the corporation is over 90 days, are allowed as investment credit. As a matter of fact I'm told, and I haven't checked that out, but it appears as if the scenario we painted of Company A borrowing and lending to Company B, and B to C, etc. would not be taxed that way because of the provision here relating to investment income, investment deductions, so that only the final borrowing corporation would pay the tax.

Mr. Speaker, he gave as the example Saunders, and again built a scenario. I don't think there will be any problem in that relation. The assets in this case would be

BILL 88

(MR. CHERNIACK cont'd) considered loans until they're written off, and Mr. Speaker, they could be and have been written off already. So that again his scenarios are faulty, and are of no assistance to us in dealing with this bill, which he himself called it insignificant tax - I believe that that's the word he used - that the amount of tax is insignificant. But he said, look at B.C. they were one-tenth, now they're one-fifth, so, then obviously it means that is a tax which will grow and grow and grow.

I have a note here, a comment about the mid-month payment; what astounded me was I have never felt a problem if my books were operated, or my practice was operated on a different method than that required, I could pay on the first of the month, I could design my payment on the 1st and send it in on the 15th, if that is the way I would operate. It's just again, the smoke screen that he's attempting to build, nit-picking as he did with this bill. Now, he wants to make another speech, Mr. Speaker. --(Interjection)-- Oh, well that's good. Now, we're promised a great contribution coming up from the expert of Roblin.

Mr. Speaker, I happen to have some excerpts on the --(Interjection)-- The Member from Roblin is so anxious to speak that he can't even contain himself, and he is still anxious to speak to the extent of wanting to interrupt. Does the Member from Roblin wish to ask a question? Then if he doesn't wish to ask a question, could he keep his . . .

MR. SPEAKER: Order, please.

MR. CHERNIACK: . . . Mr. Speaker. The Income Tax Act, Section 1(2)(1) provides that where a person has failed to make a payment after he has received notice, the Minister may, whether or not there is an objection to or an appeal in respect to the assessment, issue a certificate of the failure and direct that the goods and chattels of the person in default be seized. The seizure of the goods - and I read further from CCH - the seizure of the goods of the defaulting taxpayer can be made without benefit of a court order.

On the question of voters, Mr. Speaker - again the Income Tax Act as reported in the Canadian Tax reports - "The onus is on the taxpayer to prove that he has actually made the expenditures or disbursements which for which he claims deductions. He must discharge this onus with reasonably acceptable evidence." But, Mr. Speaker, I feel that to the extent that the member has pointed out what seems to be some undue hardship in the enforcement feature, then I really think, and I will recommend that the department read his speech, take it seriously, because the Member for River Heights certainly meant it. I accuse him of having a great mind for fictional scenarios, but that doesn't take away from my recognition that he spoke with sincerity. Mr. Speaker, I'm just saying that to the extent that there is validity in what he said, and if the enforcement provisions are unreasonable, I would think that it would be a good exercise for the department to review what he said. I remember some years ago we had a similar kind of review, and we did take out certain provisions in some of our taxation bills or Acts which we felt were maybe old fashioned, and maybe bureaucratic, and I think that that is a valid point, and I would hope that the department will look at these areas, enforcement provisions, to see the extent to which the Honourable Member for River Heights, or anybody else, may point out some archaic forms of enforcement that should be reviewed. And although this is a new Act, or new bill, before us, nevertheless if some of the provisions are unduly harsh, I think they should be looked at in taking seriously the comments of the Member for River Heights, so as to be able to report back to the Minister and the government and possibly make recommendations for varying those provisions which do appear to be unduly harsh.

I'm just looking for another note I had, Mr. Speaker, but I think that possibly I can spare honourable members the time. I'm sure that honourable members want to get ahead with the Order Paper and conclude as soon as possible, so I would close only by pointing out again, and I ask the Member for Roblin, who can understand certain things that are said from this side of the House, if he tries awfully hard - and I knew that earlier this afternoon he admitted that he couldn't understand another speaker from this side - but I would ask him to try --(Interjection)-- he does admit that he has trouble, so I'll try and spell it out for him. --(Interjection)-- Well that's good.

BILL 88

MR. SPEAKER: Order, please.

MR. CHERNIACK: Mr. Speaker, I want him when he speaks, to take into mind what is provided here. I want the honourable member to know that a corporation is required to file annual company returns, and in doing so, it pays a filing fee, and it pays a fee that is related to its authorized capital. Now that authorized capital may not be subscribed capital - in other words, you could have a company with an authorized capital of a \$1 million and it pays a much larger fee than a company that has an authorized capital of \$20,000, even though in both cases, they may only have a subscribed capital of \$500. So, there are various artificial, let's call it that, criteria on the basis of which they pay a filing fee. In this case before us - this is not artificial - we are talking about capital that is used in the operation of a business, and one would assume, even though it's a flat tax, one-fifth of one percent, that a company which has a working operating capital - when I use that term I should say a taxable capital as defined in this bill, to be precise - but let's say a capital which is used in order to operate the business from which one expects to earn money, that that is the measure which is being suggested in this bill, not the income, because we know that companies have succeeded in reducing the taxable income to be well below the reported profits. Now, you know, he should understand because I know that in his financial and economic world, his personal one, he doesn't normally, I assume, deal with multi-national corporations, or large corporations --(Interjection)-- Right.

MR. SPEAKER: Order, please.

MR. CHERNIACK: Right. Right, Mr. Speaker, then clearly he does not know very much about the operations of the entertainment industry. I wish he'd either . . . --(Interjection)--

MR. SPEAKER: Order, please.

MR. CHERNIACK: Mr. Speaker, I sat down because you called us to order. I hope that the Member for Roblin heard you, I'm not sure he did. So I try to tell him that this is designed on the basis of the moneys they use in their business, whether it's borrowed money or whether it's invested money, or even if it's accumulated surplus, which the Honourable Member for Steinbach seems to think is some special kind of money. It's earned money, it's not drawn out money, so he calls it a special kind of money. Well, Mr. Speaker, I'm going to stop trying to explain this to the Member for Roblin. He obviously is not interested in hearing my explanation, because he is so busy talking from his seat to honourable members that are in the House, that he really doesn't care about my explanation, so why should I waste the time of all the other members of this House when he himself, to whom I am specifically directing my remarks, is paying no attention.

So, Mr. Speaker, I will conclude only, by saying to the Honourable Member for River Heights, that he is still making a tremendous mountain out of a molehill, and is doing so in order to confuse and distort the application of this tax, which is similar to taxes in other jurisdictions of this country.

BILL 88

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Well, Mr. Speaker, on this matter I rise in support of the resolution of the Member for River Heights, but I would hope that the Member for St. Johns would continue because I still don't understand him. I had trouble this afternoon with the Minister of Education. Now, if he had gone another hour, maybe I could have understood him, but I have the same trouble today. And I congratulate the Member for St. Johns today, basically instead of dragging red herrings across this Chamber or setting up straw men and asking us to stand up and spell out government policy which he usually does, this time he was reasonably sincere and he did speak reasonably well on the resolution of the Member for River Heights. But Mr. Speaker, he said in his remarks that the Member for River Heights and other members across here, we generally build scenarios. Well, my gosh, if anybody's ever building a scenario, the First Minister, and this bill is in his name, he's building a scenario that the people of this province will never forget - not only this tax law, but the whole structure of the tax laws, and the philosophy of socialism which this First Minister so seriously believes in and is dedicated to that principle. He says, some day I'm going to have the rich all down to my level, the poor are all going to be up here, and we're all going to be equal. Whether he does it on a 2-1/2 - 1, or whether he does it on the 1 - 1, or on the 5 - 1, or on the 8 - 1, I tell him he'd better start to go back to his books and talk mathematics. And before I finish my remarks, I'll tell him what's already happened in this province with this simple business of Autopac, not only on the Autopac resolution, but also on this bill that's before us at this time, Mr. Speaker. Mr. Speaker, we're only talking in this resolution on a flat one percent, a flat one percent, that would be the taxes that the Minister --(Interjection)-- I'm reading the words of the Member for St. Johns, --(Interjection)-- One fifth of one percent, I apologize, right. But, Mr. Speaker, I don't see there's anything wrong, it's the duty of the opposition in this House to deal with these matters, deal with them seriously and deal with them honestly. And it's very hard, we have the speed-up resolution on the one hand, we have the Minister of Labour telling us on the other hand, take as long as you want; we have other matters of Ministers running around rampant, basically we don't know where we're going.

But I would like to deal with this in all sincerity. Mr. Speaker, at this time in our history of this Province of Manitoba there are insurance agents, Dauphin, Roblin, Ethelbert, Swan River, Flin Flon, that can't get insurance risk capital. These are agents that have been in business for 25 years or more, and I'm one of them, who today, you come in here with an industrial risk, or a commercial risk, you can't find the risk capital. And why can't they find the risk capital? I'm in insurance, I've been in the business all those years, talk to the agents at Pine River, the agents at Ethelbert, the agents at Swan River, who come in here and try and find risk capital for insurance on hotels, apartments, you can't find it, there's none, it's all dried up - and why? They've all left. Well, I'll tell you one reason, for instance MTIC won't take those risks. Portage Mutual, Wawanesa, Red River, Souris, they're loaded, and Royal stayed around, so now Royal's loaded, and there's no risk capital.

And I tell the Minister, come and sit down in his seat and listen to what I'm telling him, it's due to this legislation and a lot of other legislation, tax laws that this government has imposed. We had those insured risks capital here at one time, it was here, and I did business for years and years. So did the member the man from Pine River who phoned me today. He's got 20 applications for insurance on commercial and industrial, he can't get any risk capital any place, in this province, can't get it. And I tell the Premier, his name is Tony Sema he's at Pine River, phone him up, and you tell him; I've talked to the superintendent here, I've talked to the Federal Superintendent of Insurance, there is no risk capital for insurance in this province, because they've gone. Not only for this bill, but they've gone for other things that this Finance Minister and this government has imposed on them. They're not here. So I say, if, with this insurance corporation that you've set up is going to take this risk capital, let them be honest and take their full share, they're sure not taking it today.

I regret this, and I feel sorry that the Minister at this time comes in when we're having so many problems in this province, brings in this kind of a bill. And that

BILL 88

(MR. MCKENZIE cont'd) one point, and I hope the First Minister will take me seriously, because I'm serious that that is the fact, and I'll take him to these agents who phoned me today, they phoned me yesterday, they phoned me last week, there is no risk capital for insurance of industrial and commercial rates in this province, because they've all gone, because of this bill and other legislation that this government has imposed upon them. I hope that the Minister will take another look at it, and really seriously, are you going to build a province where one insurance company is going to be the only risk capital in this province? It'll never work. Turn this thing around 180 degrees and let's look at it seriously, not only through this bill, but other tax laws that you're imposing on the people of the province at this time.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I feel I should make some comment with respect to what has been said by the Honourable Member for Roblin and the Honourable Member for River Heights. I feel at some disadvantage, Sir, because at least to some extent I cannot avoid repeating certain points that I made earlier today and earlier in the previous discussion on this Bill.

The Honourable Member for River Heights is focusing in on a limited number of speeches of this legislation which he regards, I take it at his word, he regards to be very prejudicial to the normal kind of civil rights and procedures that we are accustomed to, and I would like to address some comment in that regard; and then to the general tenure of his comments of course, more or less the philosophic opposition to the concept of the tax legislation involved here. And in that latter regard I must say to him that I really can't understand why he expects to have credibility attached to his general philosophic position. I don't understand what it has to do with the Conservative Party philosophies involved, because this Act has been in place in the Provinces of Ontario, British Columbia and Quebec for some time, under governments that were either, by direct label, Conservative, or by indirect label, Conservative, and they have seen fit to enact it onto the statute books and to administer it year after year for quite some number of years now. I think too the honourable member was under some misapprehension as to whether or not this particular tax was deductible from income tax payable, and only after repeated indication to him that it was indeed, that there has been no problem thus far in any of the provinces applying this tax with respect to its deductibility from federal and provincial income tax payable. He seems to have grudgingly accepted that answer, although obviously he would like to make a point of it if indeed it were a fact, but it isn't, so he can't make a point of it.

Then he makes much - and I don't fault him for this - that he seems to perceive, although I don't think he can be sure of himself because, again, he has no foundation and fact for being certain - but he perceives to think that we have certain penalty features in the administrative sections of this Act and reverse onus clauses and the like which are contrary to the provision of other fiscal or tax legislation, both on our books in Manitoba Statute Law going back many many years and in the Federal Tax laws. I have asked on three occasions now for further verification and confirmation that the general nature of the inspection and enforcement provisions of this tax Act are in general conformity with other tax Acts on our books in Manitoba and the Government of Canada, and I am advised that that is indeed the case, Sir.

Now I mentioned the other day - I don't see much value, Sir, in repeating it and I'm not going to read the entire thing onto the record a second time - but I point out to him that I do have documentation here which indicates that in the Federal Income Tax Act, and indeed under case law as reported in the Canada Tax Report periodical, there has been the application of certain onus features, which my honourable friend may take some delight in calling reverse onus. But whether one can properly call it reverse onus or not, it is an application of onus with respect to what is acceptable as proof and it has been upheld in court judgments, it is part of the warp and woof of the tax law of our land. My honourable friend I say, again at the risk of perhaps offending his sensibility, that he really cannot pretend to be so pristine pure with respect to administrative law, he was part of a modern day government just ten years ago, and if it gives him some intellectual satisfaction, I would be happy to sit down with him at some

BILL 88

(MR. SCHREYER cont'd) date and go through the statute books to find the laws that they enacted with respect to administrative procedures. --(Interjection)--

Well it may not make it right, Sir, but in this discussion of right and wrong, I would also like to involve the question of right and wrongness when perceived from the vantage point of practicability. You can have, Sir, a section of statute law which is absolutely gleaming in its integrity and in respect of civil rights, but if the ultimate effect of that section of law is to make it unpracticable, unenforceable, then it might as well not exist, it would be a dead letter. Well that is, of course the fate of those politicians who have the responsibility for day-to-day governing of affairs, and that is what gives certain members of the opposition who have that kind of inclination a kind of a non-malicious fiendish glee in being able to point to these cases. But perhaps, Sir, what I am saying may sound a little too cynical.

I would remind my honourable friend specifically with respect to the penalty rate. If he thinks that a penalty rate of five percent with respect to failure to remit an installment, or the final payment of tax under this Act is harsh, then I would point out to him that the penalty rate is similar to the very same kind of penalty rate in the Retail Sales Tax Act. And who enacted that, if not my honourable friends in 1967, and it compares to 10 percent penalty - not five but ten percent - in the case of the British Columbia tax penalty with respect to the very same tax Act, The Corporation Capital Tax Act.

Now I know my honourable friend will say, that doesn't make it right, it doesn't make it right. I will give this undertaking to my honourable friend - you know it is not a case of taking lightly his statements of alleged violation of normal civil rights' procedure in respect under tax law - if there is in this Act provision that is of significant deviation from tax legislation with respect to The Corporation Capital Tax in other provinces or of the spirit and intent of the Federal Income Tax Act with respect to the collecting of records, ledgers, etc. for the inspection and enforcement of this Act, I give him an undertaking now that we will not resist, in fact we may indeed propose ahead of him by way of bill of amendment at the next session of this House. In the meantime I can honestly say that the provisions here are in accordance with the information we have pulled together with respect to these tax statutes of the other three provinces and of federal law as well. We can, Sir, learn through experience. If there is some provision in here that is offensive in that it deviates beyond this established procedure of administrative application, then we will want to at least attempt to change it and to do so within a year of going into operation of this Act.

I have here a plethora of information, Sir, section by section how this bill relates or conforms to provisions in other tax statutes. --(Interjection)-- Oh no, our own! For example, The Gasoline Tax Act, who passed that one? And here, section by section, the administrative procedures, are they similar, markedly different and so on; Gift Tax Act, The Metallic Minerals Act, The Mining Royalty Act, The Motive Fuel - who enacted The Motive Fuel Tax Act? Who enacted the administrative sequences and procedures in that? My honourable friends. They cannot play the role of vestal virgins which they seem to increasingly be wanting to do in recent years. Maybe that is the result of the fact that they have been out of office and in that sense not responsible for practicable operation for almost, well for seven years, and perhaps they do need another term in office in order to bring them back to reality. Just when that might happen, of course, would be very fruitless to speculate about.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: I wonder if the First Minister will acknowledge that in those taxing Acts that he has referred to, that the person paying the tax is realistically a collector for the government and is not the taxpayer being taxed on his income or on his capital.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, that certainly would be the case with respect to The Retail Sales Tax Act, but it would not follow necessarily with respect to The Motive Fuel Tax for example, there are many contractors who are direct payers of The Motive Fuel Tax who must pay direct. And the provisions there for inspection and

BILL 88

(MR. SCHREYER cont'd) enforcement are I suppose such that my honourable friends in a purely theoretical sense would not like to see, I will give them credit for that, but when faced with the task and the responsibility, they enacted those sections, because otherwise the intent of the Act would be in too many instances frustrated and circumvented - so they faced up to reality, I will give them credit for that much. That's not to say that therefore anything and everything can be justified in terms of enforcement and inspection. Specifically, Sir, if the provision with respect to the seizure - my honourable friend mentions specifically the seizure of certain records and so on - is not in general conformity with other provisions in tax law in our province and in the Dominion of Canada, I will not resist, in fact I will perhaps beat my honourable friend to the punch in terms of an amendment to law at the next session. But I don't want to accept as a given fact that that provision he's referring to is something novel and not without ample precedent.

MR. SPIVAK: Would the First Minister be prepared to accept the provisions in the Federal Income Tax Act. Surely the experience of the Federal Income Tax - I don't want to put this in the form of a statement. Mr. Speaker - would he not consider that the experience of the Federal Government with respect to the collection of the Corporation Tax and the income tax should not be a very logical basis for the way in which this Act should operate?

MR. SCHREYER: Well that's interesting, Sir, that is precisely why I do not want to rule out the possibility that we may not after one year's application see fit to adopt that suggestion. But you see, Mr. Speaker, my honourable friend is making an assumption which is precisely what I just took occasion to check a few minutes ago with senior advisors and I am advised that there is no difference in substance as between the procedure under the Federal Income Tax Act and this bill in terms of the authority to collect records and ledgers and the like.

If my honourable friend is right - and I don't rule out that possibility - then we will not resist change along that line. I would say finally insofar as the Member for Roblin is concerned, he spoke on only one specific, and I find it difficult to dispute entirely what he is saying, but it is a phenomenon which has been growing by degrees over a number of years. My honourable friend the Member for Roblin, even if he has part of a case, will not want to be so free and loose with the facts as to contend that even ten years ago that everything was hunky-dory in terms of the ability of many prospective - what's the word? - not insuree, but the person seeking insurance coverage with respect to general property and fire damage could not obtain that in quite a number of districts of the province. He's talking about mortgage financing, there being a paucity or mortgage financing. I say to the Member for Roblin that mortgage financing is a function of interest rates and I don't believe that it's anything much more profound than that.

MR. SPEAKER: The Motion before the House is the amendment by the Honourable Member for River Heights.

QUESTION put, AMENDMENT lost.

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

MR. SPEAKER: Call in the members.

. . . . continued on next page

BILL 88

A STANDING COUNT WAS TAKEN, the results being as follows:

YEAS

Messrs.	Axworthy	Jorgenson
	Banman	McGill
	Bilton	McGregor
	Brown	McKenzie
	Craik	Minaker
	Einarson	Patrick
	Enns	Sherman
	Ferguson	Spivak
	Graham	Steen
	Henderson	Watt
	Johnston (Sturgeon Creek)	Wilson

NAYS

Messrs.	Adam	McBryde
	Barrow	Malinowski
	Boyce	Osland
	Burtmiak	Paulley
	Cherniak	Pawley
	Derewianchuk	Petursson
	Dillen	Schreyer
	Doern	Shafransky
	Gottfried	Toupin
	Hanuschak	Turnbull
	Jenkins	Uruski
	Johannson	Uskiw
		Walding

CLERK: Yeas 22, Nays 25.

MR. SPEAKER: In my opinion the Nays have it, I declare the amendment lost. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Speaker, I was paired with the Minister of Health, had I voted I would have voted for the motion.

MR. SPEAKER: Thank you.

QUESTION put, MOTION carried.

A MEMBER: Same division?

MR. SPEAKER: No way.

MR. SCHREYER: Mr. Speaker, could we simply have the same numbers transposed, the division.

MR. SPEAKER: Well there has been no call for a division and I have declared the Motion carried. Now if one wishes to challenge that, then I'll have to have that . . .

MR. JORGENSEN: May I help you? You'll have the same division transposed.

MR. SPEAKER: Thank you. Reversed? Very well, it shall be so recorded.

. . . . continued on next page

BILL 88

YEAS

Messrs.	Adam	McBryde
	Barrow	Malinowski
	Boyce	Osland
	Burtniak	Paulley
	Cherniack	Pawley
	Derewianchuk	Peturrson
	Dillen	Schreyer
	Doern	Shafransky
	Gottfried	Toupin
	Hanuschak	Turnbull
	Jenkins	Uruski
	Johannson	Uskiw
		Walding

NAYS

Messrs.	Axworthy	Jorgenson
	Banman	McGill
	Bilton	McGregor
	Brown	McKenzie
	Craik	Minaker
	Einarson	Patrick
	Enns	Sherman
	Ferguson	Spivak
	Graham	Steen
	Henderson	Watt
	Johnston (Sturgeon Creek)	Wilson

MR. CLERK: Yeas 25, Nays 22.

THIRD READINGS

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Would you call Bill No. 80 please, for third reading.

BILLS 80, 89, 91, 94, 84 were each read a third time and passed.

BILL NO. 81 - THE MILK CONTROL ACT

HONOURABLE SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet) presented Bill 81, The Milk Control Act, for third reading.

MOTION presented.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Well Mr. Speaker, we're now coming to the final moments of this session --(Interjections)--

MR. SPEAKER: Order please. Order please.

MR. EINARSON: Mr. Speaker, I should like to make a few comments on this Bill 81, namely The Milk Control Act. I should have known better, Mr. Speaker, one never knows what happens in this Chamber from one minute to the next, things could change, it depends on how the storm brews.

However, Sir, having made some comments myself, and my colleagues, in Law Amendments last night dealing with this bill and then having listened to the comments from the Minister of Agriculture, I felt that I had to make some comments for the records insofar as this bill is concerned, Mr. Speaker.

I want to say to the Minister of Agriculture, and particularly to the First

BILL 81

(MR. EINARSON cont'd) Minister, that while we don't oppose this bill in principle we want to register very strongly, Mr. Speaker, the way in which this legislation has been handled by this government and particularly by the Minister of Agriculture.

While we received the bill late last Friday and the Minister indicated that he was prepared to give us all the time to deal with the bill, I know I could have held the bill for a week and maybe even more, Mr. Speaker, but I think there'd been some comments on that side of the House. But that wasn't the point, Mr. Speaker. It wasn't our problem, we found out it is a problem with the people of the Province of Manitoba who may be interested in this bill, who'd want to make presentations and make briefs, and, Mr. Speaker, that was evidenced last night from the comments that were made by those who were there to make their presentations.

Another comment that the Minister of Agriculture indicated, that while a portion of this bill is still from the old Act, and that the powers were there when we were government, I want to indicate, Mr. Speaker, to honourable gentlemen opposite that while that might be so, but that we have a different group running the affairs of government in this province today. The Minister of Agriculture in particular has proved to me, Mr. Speaker, that I can no longer trust him. I can no longer trust this Minister of Agriculture dealing with the affairs of agriculture in an honourable way, Mr. Speaker. While the Minister indicated that this has been an ongoing process of communication between the producers of our dairy products, between the processing plants in this province, and between the consumers, Mr. Speaker, I want to say to the Minister that in all cases people have informed me that there's been no communication with this Minister of Agriculture and his department. I think the First Minister should know this.

I think the First Minister must be held fully responsible for what is going on in every one of his departments. I've said this before - and it's high time the First Minister was in his place - that the First Minister is known to be the shining light for that party and that government and he seems to come out that way. I've said it before, Mr. Speaker, and I'm going to say it again today, that while the First Minister sits in his seat - and he has now arrived - he has his Lieutenants on his right, and he has his Lieutenants on his left, and despite all the confusion that goes on, he rises as that "white charger on that white horse" appearing before the public of Manitoba in the image of the eyes of the people when they see him on television and otherwise; but I want to say to the people of Manitoba, Mr. Speaker, that they are now realizing that this First Minister is no longer that "white knight on a white horse" that they've seen riding for 7 years.

MR. SPEAKER: Order please.

MR. EINARSON: It's very very disturbing, Mr. Speaker, while we have a bill, The Milk Control Act, a good portion of it is from the old Act, but there are new sections, and the Minister of Agriculture indicated it was merely a housekeeping bill. Those who are operating corporations are concerned; the new penalties that are involved in this Act, people have been concerned. But you know, in every case in the few briefs that were presented, Mr. Speaker, the people had to come here and apologize for the lack of time that they have had to prepare a brief in an intelligent way in which that they would not be held responsible for some things they might say that may not be just quite correct. I don't fault citizens who were representing their corporations, maybe individual farmers, or maybe someone representing the consumers' group in this Province of Manitoba, but, Mr. Speaker, in every case they all informed me that they've not had any knowledge of what is going on in the Department of Agriculture; and the kind of communication, Mr. Speaker, that this Minister has had in my view has been deplorable to say the least.

And while we are not opposing the bill as such, Mr. Speaker, as I indicated, I am very very critical of the way in which the Minister introduced it. He knew about the bill weeks and weeks ago, but why didn't he put it on the Order Paper? Why didn't he give it second reading so we could study the bill and find out what the contents of that bill was so we could have sufficient time? Mr. Speaker, people ask me how come the Minister of Agriculture is not informing us as to what's going on? Why isn't the Minister sending this bill out to us so that we can peruse it? You know, Mr. Speaker, yesterday afternoon from 2:30 till 5:00 there were people coming in here, they thought that the Law

BILL 81

(MR. EINARSON cont'd) Amendments was going to take place, they'd come and they'd go, there was such confusion, Mr. Speaker. I said, "I'm sorry, I don't know, because they're changing their minds every half hour." Mr. Speaker, this is very disturbing, because the Minister of Agriculture has been sort of running the business of the House.

Well, Mr. Speaker, I merely wanted to make those few comments insofar as this bill is concerned and indicate to them that while they have said they're the government, the champion of the people, are communicating with the people - the Member for Ste. Rose said, I believe before lunch, how much and how well they have performed in their duties in communicating with the people of the Province of Manitoba - well I want to say, Mr. Speaker, this is a classic example of where they have failed miserably in their communications. Mr. Speaker, the Minister of Agriculture talks about communicating, but you know he communicates with those people whom he wants to communicate with. He's afraid that anyone who comes before Law Amendments will make some comments - he doesn't want to have to face the kind of criticism that there is a possibility he will receive.

So, Mr. Speaker, with those few comments I wanted to register and let this government know that their performance insofar as responsibility is concerned certainly isn't in the best interest nor is it in approval with the people in the agricultural industry. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Thompson.

MR. DILLEN: Mr. Speaker, I was very intrigued and somewhat puzzled by the remarks made by the Member for Rock Lake. What the Member for Rock Lake is trying to have us believe and trying to have the people of Manitoba believe, is that they can no longer trust the Minister of Agriculture.

Let me give you a few examples of why the people of Manitoba no longer trust anybody on that side of the House. I want to give you just a few examples so that you can have it clear in your mind why it is that you are on that side of the House, have been since 1969, and will probably remain there forever. Just one instance that I want to give you - and the Member for Swan River is in his seat now - but let me give you a classic example of what happens when we heard representations from people coming before the committee.

When the bill requesting protection for the art treasures was being presented in this House, the Member for Swan River voted against that bill; and then when he got into the committee, what did he do, but sit right next to the podium where the woman from the Art Gallery was making her presentation and answering questions, stand there and say, "I wish you well. I hope you succeed." --(Interjection)--

MR. SPEAKER: Order please. I would hope that the honourable member will deal with Bill 81 in his remarks.

MR. DILLEN: Mr. Speaker, I hope that you'll give me the same leeway that you gave the Member for Rock Lake when he made reference to the trust of the Minister of Agriculture with respect to this bill. And that's what I want to deal with, the question of trust.

It's strange, you know, when the people came before the committee, with respect to this bill, who came before the committee? I saw the people on the opposite side of the table in the committee room just wilt - they wilted in the presence of the representatives of Gulf Oil. They wilted in the presence of the people who were representing Imperial Oil, absolutely wilted, the most spineless group of people that I've ever seen in my life. Do you know why they wilted? They wilted because they know where the financial contributions to their party comes from, that is the reason why they wilted.

And the Member for Birtle-Russell has the audacity - and the Member for Fort Garry - you know when the people came before that committee, you're talking about trust, we're supposed to have trust in that group of people over there, the people of Manitoba have no trust, will never have any trust in a group of people who will say before the committee on one occasion, when the farm workers came before the committee, "Yes, Mr. Atkinson" they said, "we will give you the continued support of the Conservative Party in

BILL 81

(MR. DILLEN cont'd) opposition to the Farm Bureau. You can be assured of the Conservative Party support," they said to Mr. Atkinson, who appeared on behalf of the native people from Portage la Prairie who were attempting to get an association going. We're talking about trust, trust is the word that you used when Mr. Atkinson said to you - and I'm sure he left here feeling he had the trust of the Conservative Party, I'm sure that he had the trust of the Conservative Party, he felt secure that he had the trust of the Conservative Party. But no, as soon as their back is turned, and the Farm Bureau comes forward with another brief, they introduced an amendment that is word for word the Farm Bureau's brief. Is that the kind of trust that we can expect from the people on that side of the House, from the Conservative Party? Is that the kind of faith that the people of Manitoba must have in this party? My God!

Before the committee, the Member for Birtle-Russell had the audacity to say that a person will use the Workplace Safety and Health Act as a means of removing himself from work because it is so easy and so lucrative to live on welfare . . .

MR. SPEAKER: The Honourable Member for Birtle-Russell. Order please.

MR. GRAHAM: Mr. Speaker, on a point of order, I believe that the statement given by the Member for Thompson is an untrue statement and I ask him to withdraw that.

MR. SPEAKER: The Honourable Member for Thompson.

MR. DILLEN: There are other people who were sitting on that committee, Mr. Speaker, who have not risen and said that what I have said is not true, there were witnesses to that statement.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Speaker, on a point of order, it's not up to other members in this Chamber, it is up to the Speaker to ask the Member for Thompson to withdraw that remark.

MR. SPEAKER: The Honourable Member for Thompson.

MR. DILLEN: Well, Mr. Speaker, there are recordings made of the committee hearings and if what I have said is wrong, is not accurate in accordance with Hansard, I will withdraw that remark but I am sure at this moment of what I heard. And furthermore, the member said also that it was more lucrative to live on unemployment insurance and that the people would use this as an excuse to remove themselves from the workplace so that they could draw unemployment insurance. That's the kind of trust that we're supposed to have in that party.

MR. SPEAKER: Order please. I realize that relevancy is sometimes difficult to establish but I would like to suggest to the honourable member we are dealing with The Milk Control Act, Bill No. 81, and I'd like him to contain his debate on that particular bill at this time. The Honourable Member for Thompson.

MR. DILLEN: You know, when the . . .

MR. SPEAKER: Order please. I'm also going to request that if I'm going to be able to adjudicate this meeting of this Assembly, that those people who have to be verbose and who have to spout off at the mouth, take themselves where it's not going to interrupt the proceedings, because I think it's one of the most annoying things to try to be listening and concentrating and hearing nothing but a babble. And those people who can't control themselves, would they kindly walk out. The Honourable Member for Thompson.

MR. DILLEN: Thank you, Mr. Speaker. You know it was almost a sickening display to watch the attitude of the Conservative Party, bowing to the multi-national corporations coming before the committee to make representation on this bill.

--(Interjections)--

MR. SPEAKER: Order please.

MR. DILLEN: The multi-national corporations. It was difficult and it must have been a matter of . . . it really indicates who controls the Conservative Party, where the source of their revenue comes from. --(Interjections)-- Well, Mr. Speaker, the Member for Rock Lake said that we can no longer trust the Minister of Agriculture. I can tell you that having watched this group in operation with regard to this bill and others, that it has restored my faith, my faith, and the Minister of Agriculture can count on my continued trust and the people that I represent.

BILL 81

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, just one moment and then I'll sit down. To the Honourable Member from Thompson may as I say, that as far as I know that on this bill there were two people that appeared and, you know, the suggestion that somehow or other - I think one appeared on behalf of a co-op, a dairy co-op, and that's a multi-national corporation. One of the problems with the Member for Thompson and many of the other members on the opposite side is that they deal in myths all the time. They talk about myths, they think about it in terms of the myth as they see it, and as a result, Mr. Speaker, much of what they say has no basis in fact. And I suggest to the honourable member, and I think it has to be said, that on this particular bill there were substantial number of amendments introduced by the opposition that were agreed to by the government - and to that extent it's to the government's credit that they were prepared to agree to it. But it came as a result of debate, and many of those amendments came as a result, Mr. Speaker, of the representations that were made. So, Mr. Speaker, I should say to the member opposite that if he wants to use this as an example to support his argument, then he has no argument at all.

QUESTION put MOTION carried.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I believe there is an amendment on the report stage of Bill 20.

BILL NO. 20 - AN ACT TO AMEND THE TRADE PRACTICES INQUIRY ACT

MR. SPEAKER: The Honourable Minister of Consumer, Corporate and Internal Services.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services) (Osborne): Mr. Speaker, I move

THAT section 4 of Bill 20 be amended by adding thereto, immediately after the proposed subsection 11(4) of The Trade Practices Inquiry Act set out therein, the following subsection:

Expiry of regulation

11(5) Unless it sooner expires or is repealed, a regulation made under subsection (2) expires and ceases to have effect on the last day of the next session of the Legislature that commences after the day on which the regulation was made.

MOTION presented.

MR. SPEAKER: The Honourable Minister.

MR. TURNBULL: Mr. Speaker, this amendment would provide that the Board once it had made a report would be in the position of having the Legislature make a decision if that was deemed necessary before the expiration of the order given by the Board. And it does put on some time limits to the decisions made by the Board and the regulations set by the Lieutenant-Governor-in-Council. I think it is a reasonable amendment. It does provide some indication as to the intent really of the legislation that it would be short term in the sense of setting prices. I think that this amendment plus the one that will be made I understand by the Member for River Heights, could both be incorporated in the bill and that we would have therefore time limits on the powers for the setting of prices under proposed Bill 20.

QUESTION put on the Amendment, MOTION carried.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, I have two motions. I would like to introduce, the one that complements the Minister of Consumer Affairs' motion just introduced.

Mr. Speaker, I move, seconded by the Honourable Member for Riel,

THAT section 4 of Bill 20 be amended by adding thereto, immediately after the proposed subsection - and here, Mr. Speaker, with leave, I would change it to 11(5) based on the Amendment that has just been introduced - 11(5) of The Trade Practices Inquiry Act set out therein, the following subsection:

BILL 20

(MR. SPIVAK cont'd)

Expiry of regulation

11(6) - and again that, by leave, is a change, Mr. Speaker - Where, after a regulation is made under subsection (2), the board conducting the inquiry into the subject in respect of which the regulation is made recommends that the price of the article or product no longer be controlled, the regulation, unless it expires or is repealed sooner, expires and ceases to have effect 3 months after the date on which the report containing the recommendation is made to the minister.

MOTION presented on Amendment and carried.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, I move, seconded by the Honourable Member for Riel,

THAT Bill 20 be amended by adding thereto, immediately after section 2 thereof, the following section:

Section 6.1 added.

2.1 The Act is further amended by adding thereto, immediately after section 6 thereof, the following section:

Right to make submissions

6.1 Where a board is appointed under this Act to make an inquiry into a ground of complaint and matters incidental to or arising out of or any way connected with the complaint, it shall afford each person directly affected by the subject of the inquiry a reasonable opportunity to make submissions to the board.

MOTION presented.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, my understanding is that the government is not prepared to accept this motion and for that reason I would now like to deal with it.

I think in principle, Mr. Speaker, that this motion should be accepted. And if my understanding is incorrect then I'll make it as brief as possible and hope that if there is any question, I'll have persuaded the government to change their mind.

Mr. Speaker, the purpose of the motion is to indicate that those who are directly affected will have a right to have a hearing before the Board or Commission of Inquiry. Mr. Speaker, the problem with respect to this legislation - and we're dealing with extraordinary legislation, and we're dealing in an extraordinary time - is that there should be the opportunity for those who are directly affected to be able to present their point of view, and that should be enshrined, Mr. Speaker, in the legislation. To suggest, well the board will not act otherwise, I don't think in itself is sufficient to justify the lack of this or the failure to put or approve this particular section. And, Mr. Speaker, there are many scenarios, and we're going to go through this again, and the Member for St. Johns may want to talk about it - that could be developed - but in reality you can talk of the persons affected in a very wise sense and say that we're talking about all consumers. Because obviously if there is price that is regulated, the consumer is affected. And that's not the intention, not at all. The intention is for those who are directly affected, whose livelihood has been put in jeopardy, and for the people who in fact have their situation altered by the action of the government, to at least be ensured that the Board of Inquiry will listen to their argument.

Right now, Mr. Speaker, as the Act is prepared the Board does not have to hear them. The Board does not even have to have that representation from them. The Board, Mr. Speaker, can ignore them. And, Mr. Speaker, that should not be the case. If the price is frozen and an inquiry is held, the inquiry being held in a particular industry, those who are affected should have the opportunity to be heard. And I think it's axiomatic to believe that they will be but it's not enshrined in the legislation. --(Interjection)-- Well, if it's axiomatic, then let's put it in the legislation. And if, Mr. Speaker, the wording is not exact enough, let's labour a bit here to try and provide a wording that will be exact enough. Because, Mr. Speaker, I would hope that this would be used sparingly; I would hope that those situations which would justify it would have to, in the eyes of the government, be extraordinary, and it would seem to me, Mr. Speaker, that there has to be,

BILL 20

(MR. SPIVAK cont'd) there has to be a provision that there is in fact the obligation to hear.

Now there are several stages that we talk about in terms of the Commission of Inquiry is undertaking. There may very well have to be immediate action taken as a result of the judgment to be arrived at within 24 hours. And that may very well mean that a hearing cannot be undertaken, and the parties affected directly may not be in a position to make their presentation. But some time, Mr. Speaker, between the period of time of the freeze to the period of the time of the ultimate decision by the Board, which is a board of adjudication in terms of its inquiry, it must have the obligation to call those people directly affected so that they can present their point of view, their facts. Otherwise what's the point? --(Interjection)-- But it's not enshrined in the legislation. The assumption is that they will, but it's not enshrined in the legislation. All I'm suggesting, Mr. Speaker, all I'm suggesting, Mr. Speaker . . .

Well, Mr. Speaker, under this Act as it is presently written, regardless of the intentions of the government and regardless of the statements that have been made, a Board of Inquiry can be held, as an example, in this situation. There is an oil price freeze placed by the government. Okay? An oil price freeze; a Commission of Inquiry can be held; the oil companies affected are not called. That could happen, Mr. Speaker. --(Interjection)-- Let's take coffee as an example, Mr. Speaker. I would assume that at this point we do not have a producer of coffee but we have possibly a processor, I'm not sure, and I think a processor would be directly affected and I think the wholesaler would be directly affected, and I think to that extent the retailer would be directly affected, and there should be the opportunity for presentation. And I think that we should enshrine that in legislation. I don't think it should be left to the basis of the Board of Inquiry to determine, because in effect the Board of Inquiry into this Act does not have to listen to any of them. They can make their own determination based on the fact as they perceive it, based on the information that they assemble. And I think that in that situation - and we're talking about extraordinary situations - that there has to be the right, Mr. Speaker, there has to be the right for those affected to be not just given notice that such action is being taken, but to be in a position to have the right to be heard. And I would implore the government to consider this and in presenting this I know the limitations with respect to the actual wording. But it would seem to me, Mr. Speaker, that this is the actual case. If the Board made a decision that for the purposes of its hearings the processors and the wholesalers are the only ones to be considered, they are the only ones directly affected, that if in fact someone felt that they had a right to be heard and they refused, they could take an . . . notice to the court and say that under this section they have a right to be heard, and the court would make a determination whether the Board of Inquiry's procedure and its ruling was correct. And that is the proper procedure that should follow. Right now if that was taken, the only claim would be that of natural justice without this section, and I do not believe, on that basis, that they would be heard. I do not believe that the precedence would suggest that they would be heard. And I think that's wrong.

And I don't think the intent of the government is to not provide this. I'm simply saying that it should be spelled out and I think that the failure to do this is a failure to come to grips with the requirement, and it again goes to this whole basic argument as to whether there should be any favours shown by legislators for the rights of individuals or for the rights of people, and whether we should in fact enshrine those rights and protect them. The action of the government is for the protection of the consumers, they are using the total power of government and they're using it as quickly as they can. And I would suggest to the members opposite by failing to do this or by failing to amend this to be more exact - and I'm open to that suggestion if there could be an agreement on that - that by doing that you are leading yourselves into the position where a Board of Inquiry does not have to call the people directly affected and in that case that would be a denial of rights and notwithstanding the good intentions of everyone present here, if this legislation goes on the books, it's available for use by this government and any other government, and I think it is incorrect.

MR. SPEAKER: The Honourable First Minister.

BILL 20

MR. SCHREYER: Mr. Speaker, given the hour, and I believe the understanding with the Honourable Member for Morris, that it's just as well that we reconvene at eight rather than attempt what may be impossible. That in view of the hour I would move, seconded by the Honourable the Attorney-General, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable Member for Morris before I adjourn the House.

MR. JORGENSEN: . . . the First Minister if it was the intention to proceed at eight o'clock with this legislation or will he be calling the two labour bills first.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, my understanding is very clear that the Honourable the Minister of Labour and the Honourable Member for Fort Garry have some arrangement, an understanding that at eight o'clock we would call the two labour bills.

MR. SPEAKER: Accordingly the House will now be adjourned and stands adjourned until 8 p.m.