



Legislative Assembly of Manitoba

DEBATES  
and  
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XIX No. 49 10:00 a.m., Friday, April 21st, 1972. Fourth Session, 29th Legislature.

Printed by R. S. Evans — Queen's Printer for Province of Manitoba

Electoral Division	Name	Political Affiliation	Address
ARTHUR	J. Douglas Watt	P.C.	Reston, Manitoba
ASSINIBOIA	Steve Patrick	Lib.	10 Red Robin Place, Winnipeg 12
BIRTLE-RUSSELL	Harry E. Graham	P.C.	Binscarth, Manitoba
BRANDON EAST	Hon. Leonard S. Evans	N.D.P.	Legislative Bldg., Winnipeg 1
BRANDON WEST	Edward McGill	P.C.	2228 Princess Ave., Brandon, Man.
BURROWS	Hon. Ben Hanuschak	N.D.P.	Legislative Bldg., Winnipeg 1
CHARLESWOOD	Arthur Moug	P.C.	29 Willow Ridge Rd., Winnipeg 20
CHURCHILL	Gordon Wilbert Beard	Ind.	148 Riverside Drive, Thompson, Man.
CRESCENTWOOD	Cy Gonick	N.D.P.	1 - 174 Nassau Street, Winnipeg 13
DAUPHIN	Hon. Peter Burtniak	N.D.P.	Legislative Bldg., Winnipeg 1
ELMWOOD	Hon. Russell J. Doern	N.D.P.	Legislative Bldg., Winnipeg 1
EMERSON	Gabriel Girard	P.C.	25 Lomond Blvd., St. Boniface 6
FLIN FLON	Thomas Barrow	N.D.P.	Cranberry Portage, Manitoba
FORT GARRY	L. R. (Bud) Sherman	P.C.	86 Niagara St., Winnipeg 9
FORT ROUGE	Mrs. Inez Trueman	P.C.	179 Oxford St., Winnipeg 9
GIMLI	John C. Gottfried	N.D.P.	44 - 3rd Ave., Gimli Man.
GLADSTONE	James Robert Ferguson	P.C.	Gladstone, Manitoba
INKSTER	Sidney Green, Q.C.	N.D.P.	Legislative Bldg., Winnipeg 1
KILDONAN	Hon. Peter Fox	N.D.P.	244 Legislative Bldg., Winnipeg 1
LAC DU BONNET	Hon. Sam Uskiw	N.D.P.	Legislative Bldg., Winnipeg 1
LAKESIDE	Harry J. Enns	P.C.	Woodlands, Manitoba
LA VERENDRYE	Leonard A. Barkman	Lib.	Box 130, Steinbach, Man.
LOGAN	William Jenkins	N.D.P.	1294 Erin St., Winnipeg 3
MINNEDOSA	David Blake	P.C.	Minnedosa, Manitoba
MORRIS	Warner H. Jorgenson	P.C.	Box 185, Morris, Man.
OSBORNE	Ian Turnbull	N.D.P.	284 Wildwood Park, Winnipeg 19
PEMBINA	George Henderson	P.C.	Manitou, Manitoba
POINT DOUGLAS	Donald Malinowski	N.D.P.	361 Burrows Ave., Winnipeg 4
PORTAGE LA PRAIRIE	Gordon E. Johnston	Lib.	Room 248, Legislative Bldg., Winnipeg 1
RADISSON	Harry Shafransky	N.D.P.	4 Maplehurst Rd., St. Boniface 6
RHINELAND	Jacob M. Froese	Soc. Cr.	Box 40, Winkler, Manitoba
RIEL	Donald W. Craik	P.C.	2 River Lane, Winnipeg 8
RIVER HEIGHTS	Sidney Spivak, Q.C.	P.C.	250 Legislative Bldg., Winnipeg 1
ROBLIN	J. Wally McKenzie	P.C.	Inglis, Manitoba
ROCK LAKE	Henry J. Einarson	P.C.	Glenboro, Manitoba
ROSSMERE	Hon. Ed. Schreyer	N.D.P.	Legislative Bldg., Winnipeg 1
RUPERTSLAND	Jean Allard	N.D.P.	602 - 245 Provencher Ave., St. Boniface 6
ST. BONIFACE	Hon. Laurent L. Desjardins	N.D.P.	357 Des Meurons St., St. Boniface 6
ST. GEORGE	William Uruski	N.D.P.	Box 580, Arborg, Manitoba
ST. JAMES	Hon. A.H. Mackling, Q.C.	N.D.P.	Legislative Bldg., Winnipeg 1
ST. JOHNS	Hon. Saul Cherniack, Q.C.	N.D.P.	Legislative Bldg., Winnipeg 1
ST. MATTHEWS	Wally Johannson	N.D.P.	23 - 500 Burnell St., Winnipeg 10
ST. VITAL	D. J. Walding	N.D.P.	31 Lochinvar Ave., St. Boniface 6
STE. ROSE	A.R. (Pete) Adam	N.D.P.	Ste. Rose du Lac, Manitoba
SELKIRK	Hon. Howard Pawley	N.D.P.	Legislative Bldg., Winnipeg 1
SEVEN OAKS	Hon. Saul A. Miller	N.D.P.	Legislative Bldg., Winnipeg 1
SOURIS-KILLARNEY	Earl McKellar	P.C.	Nesbitt, Manitoba
SPRINGFIELD	Hon. Rene E. Toupin	N.D.P.	Legislative Bldg., Winnipeg 1
STURGEON CREEK	Frank Johnston	P.C.	310 Overdale St., Winnipeg 12
SWAN RIVER	James H. Bilton	P.C.	Swan River, Manitoba
THE PAS	Hon. Ron McBryde	N.D.P.	228 Legislative Bldg., Winnipeg 1
THOMPSON	Joseph P. Borowski	N.D.P.	La Salle, Manitoba
TRANSPONA	Hon. Russell Paulley	N.D.P.	Legislative Bldg., Winnipeg 1
VIRDEN	Morris McGregor	P.C.	Kenton, Manitoba
WELLINGTON	Philip M. Petursson	N.D.P.	681 Banning St., Winnipeg 10
WINNIPEG CENTRE	J. R. (Bud) Boyce	N.D.P.	777 Winnipeg Ave., Winnipeg 3
WOLSELEY			

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

10:00 o'clock, Friday, April 21, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery where we have 58 students of Grade 11 and 12 standing of the Gilbert Plains School. These students are under the direction of Messrs. Murray and Gregory and Miss Archibald. This school is located in the constituency of the Honourable Member for Dauphin, the Minister of Highways.

We also have 80 students of Grade 9 standing of the Sisler High School. These students are under the direction of Mrs. Tymofichuk. This school is located in the constituency of the Honourable Member for Inkster.

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

Presenting Petitions; Reading and Receiving Petitions.

PRESENTING PETITIONS

MR. CLERK: The petition of the United Way of Greater Winnipeg praying for the passing of an Act to amend an Act to incorporate the United Way of Greater Winnipeg.

The petition of the North Canadian Trust Company praying for the passing of an Act to amend an Act to incorporate the North Canadian Trust Company.

MR. SPEAKER: Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; the Honourable Minister of Industry and Commerce.

MINISTERIAL STATEMENT

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I'd like to give a brief report on the run-off conditions of the Assiniboine River. Above normal runoff in the upper Assiniboine Basin is, I'm advised, being effectively controlled by the Shellmouth Reservoir. The inflow to the Reservoir has reached 5,000 c.f.s. and is expected to peak at about 6,000 c.f.s. early next week. Outflow from the Shellmouth Reservoir has been maintained at 100 c.f.s. since April 4th and will be maintained at that rate until downstream flows have subsided. Despite the aforementioned reduction in flow resulting from the use of the Shellmouth Reservoir, a peak flow of about 10,000 c.f.s., cubic feet per second, is expected at Brandon over the weekend.

No flooding is expected at Brandon as dikes within the city provide protection against flows of up to 20,000 cubic feet per second. Some flooding of low-lying valley lands from St. Lazare to Brandon has occurred during the past few days and will continue for the next week to 10 days. It should be noted that substantially greater flooding would have occurred in this area if the Shellmouth Reservoir were not in use. The stages experienced last week on the Assiniboine River from Brandon to Portage are not expected to be exceeded and the Portage Diversion will continue to be used to prevent flooding between Portage la Prairie and Winnipeg.

Mr. Speaker, I have copies of this for members of the House and the Press and I believe this really answers the question posed by the Honourable Member from Brandon West the other day.

MR. SPEAKER: The Honourable Member from Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, I would like to acknowledge and thank the Minister for his statement with respect to the flooding conditions that exist now in the Assiniboine Valley west of Brandon and ask him if the level of the water west of Brandon which is being experienced this morning, I believe, is at its highest point so far, if he feels that this is the maximum flooding level to be reached or is there further flood cresting to be anticipated?

MR. SPEAKER: Any other ministerial statements. This is not a question and answer period.

MR. EVANS: Mr. Speaker, I don't know whether to answer a question at this point.

INTRODUCTION OF BILLS

MR. SPEAKER: Notices of Motion; Introduction of Bills; The Honourable Member for Wellington.

MR. PHILIP M. PETURSSON (Wellington) on behalf of the Member for Inkster, introduced Bill No. 26, an Act to amend an Act to amend and consolidate the Acts incorporating the Fidelity Trust Company.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): May I have this matter stand, please, Mr. Speaker.

MR. SPEAKER: Stand? Very well. Oral Questions.

#### ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): I'd like to direct a question to the Minister of Finance, I suppose, since -- oh the Minister of Education. In respect to the one city concept in Winnipeg, a young fellow preparing to enter Red River College, Mr. Speaker, would have to in this regard attend an adult school education centre. His residence is St. Vital. To have this education he has to go to Isbister School; it would cost him 600 to 700 dollars. Is this fair, because he does belong to the City of Winnipeg?

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education) (Burrows): I'm rather surprised to hear this happen, Mr. Speaker. I'll take the question as notice.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, I ask a question to the Honourable the Acting Minister of Mines and Natural Resources. Further to the statement he gave us this morning on the flood conditions, I wonder, Sir, if the Minister per chance has the figures available to him of the actual amounts of water that are being diverted at Portage - through the Portage Diversion, in cubic feet.

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

MR. EVANS: Mr. Speaker, I did make a report to the House of the amounts being diverted some days ago. I haven't got the information as to exactly what is being diverted at this time but I will endeavour to make a report on this as soon as possible.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Speaker, I have a question for the Minister of Finance. Could he indicate why \$2,802.24 was paid out to the former Premier of Manitoba, Mr. Duff Roblin, in the last fiscal year?

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q. C. (Minister of Finance) (St. Johns): No, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I have a question for the Attorney-General. Is he contemplating taking any action in respect to some of the low sentences being passed out against drug traffickers in Manitoba as opposed to people who bootleg or make moonshine?

MR. SPEAKER: The Honourable the Attorney-General.

HON. A. H. MACKLING, Q. C. (Attorney-General) (St. James): Mr. Speaker, in answer to that question, the Attorney-General cannot overrule or change any of the decisions that are made by magistrates. We can appeal if the Crown considers that the decision is not in keeping with the severity of the offence. However, I want the honourable member to know that in respect to drug offences, it is not the Attorney-General's department that prosecutes these cases. It is the Federal Crown with their agency here in Manitoba and they consider the sentence and decide whether or not it should be appealed. So it's not within our jurisdiction to appeal those awards.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce, and relates to the activities of the Manitoba Development Corporation. Could the Minister advise the House if a lawyer on the staff of the Manitoba Development Corporation has been released from his employment within the last few days?

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

MR. EVANS: I believe he has, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: A supplementary question, Mr. Speaker. Could the Minister advise whether this termination of employment was based upon the decision of the Minister or of the Chairman of MDC?

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

MR. EVANS: Mr. Speaker, really this type of question in my opinion is a question that is out of order. It's an internal administrative matter involving personnel. There are thousands of people that work for corporations and departments in this province and it's not the practice in this House to discuss personnel matters of this type.

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I have a question for the Honourable Minister of Industry and Commerce. Is it true that the MDC has hired a Montreal based group life consultants firm -- is it true that the Manitoba Development Corporation has hired a Montreal based group life insurance consulting firm?

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

MR. EVANS: Mr. Speaker, I have no knowledge of that, but you know I would suspect whether it be the hiring of consultants or the hiring of other services, any Crown agency will always insure that it gets the best deal for the money expended.

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

MR. G. JOHNSTON: Mr. Speaker, would the Minister give an undertaking to obtain an answer to the question and supply the House, and would he also find out if any attempt was made to hire a Manitoba firm for this business?

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Mr. Speaker, my question is to the Minister of Industry and Commerce and is in the nature of a supplementary now. Can the Minister advise the House why a Montreal broker has been engaged to broker a group insurance package plan covering those employees of firms in Manitoba in which the MDC has equity?

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

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

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Another supplementary, Mr. Speaker. Would the Minister undertake to advise the House whether Manitoba brokers were offered the opportunity to handle this package?

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. DAVID R. BLAKE (Minnedosa): Mr. Speaker, my question is to the Honourable Minister of Industry and Commerce. Would he advise the House if the salary of the Chairman of the Manitoba Development Corporation, Dr. Briant, has been reduced 20 percent as reported in the news media?

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

MR. EVANS: I haven't read the report in the news media and I therefore am not prepared to comment on it.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, my question is for the Minister of Industry and Commerce. Did the Minister issue the order to terminate the employment of the lawyer on the staff of MDC?

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

MR. EVANS: Mr. Speaker, I answered that question.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I have a question of the Honourable Minister of Health and Social Development. Does the appointment of Professor Clarence Barber to investigate welfare reforms mean that the guaranteed annual income pilot project will be postponed until Professor Barber's study is completed?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

HON. RENE E. TOUPIN (Minister of Health and Social Development) (Springfield): Not necessarily, Mr. Speaker.

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

MR. G. JOHNSTON: Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. Has the Manitoba Government through the MDC an interest in a firm known as William Clare Limited (Manitoba)? If so, how much?

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

MR. EVANS: Mr. Speaker, in keeping with our policy of open government, we issue quarterly reports of financial assistance given to anybody by the MDC and a report has been issued sometime ago relating to this particular company.

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

MR. G. JOHNSTON: Mr. Speaker, perhaps the Minister would answer this question. Could he tell us what this firm does because they're not listed in the Winnipeg directory?

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

MR. EVANS: Mr. Speaker, this is a publishing firm, and I understand it's quite successful and is stimulating the printing industry in the Province of Manitoba.

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

MR. G. JOHNSTON: A supplementary question, Mr. Speaker. Could the Minister tell us where this firm came from?

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I'd like to address a question to the Minister of Finance.

MR. SPEAKER: Order, please.

MR. FROESE: Are further breakdowns on the Capital Supply Estimates available by now?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I hope that Capital Supply will be dealt with under Estimates just as soon as the committee is finished with Public Works, at which time I will give all the possible information I can give. I have nothing to distribute.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: A supplementary. Were we not supposed to be given 24 hour notice of any further information available?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: I don't understand the statement - 24-hours notice before further information --(Interjection)-- Oh well, Mr. Speaker, I don't know about that but all I can do is report to the committee that I am ready with Capital Supply. If the committee isn't ready then I wouldn't insist that we proceed.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q. C. (Leader of the Opposition) (River Heights): Just on a point of order. I think a few days ago the House Leader - the Minister of Finance may not have been present - indicated that when we were in a position to know when Capital Supply would be coming, there would be something like 24-hours notice being given to us so that we would be ready.

MR. SPEAKER: The Honourable House Leader.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): If I may, Mr. Speaker. I don't know whether the Honourable the Leader of the Opposition was in the House either. I think I indicated -- (Interjection)-- I beg your pardon. --(Interjection)-- No, it's not necessary. I can be corrected unlike my honourable friend, Mr. Speaker, I think I indicated at that time that we would complete the Estimates for the Department of Agriculture and Co-op, then deal with the Department of Public Works, following which the Capital Supply and Finance would be taken. If that is not the impression, it's what I recall as being said and if we can, as indicated by the Honourable the Minister of Finance, expedite matters in the Estimates of Public Works and we get ahead a little more quickly then certainly the next will be Finance, is my understanding.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question for the Minister of Industry and Commerce. The question to the Minister of Industry and Commerce is: How many jobs were created by the MDC loan toward William Clare Manitoba Limited - to the company William Clare Manitoba Limited?

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

MR. EVANS: Mr. Speaker, I don't have an estimate on hand but I can assure you that all the printing work to be done for that publishing company must be done by Manitoba printing firms and I believe there has been a considerable amount of work done now and perhaps even more so in the future.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: I wonder if the Minister can answer the question: was there any new jobs created by the loan or was there more than one job created by the loan to William Clare Manitoba Limited?

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

MR. EVANS: Mr. Speaker, obviously the member takes a very naive view to economic development. You just don't look at economic development in terms of numbers of jobs. You

(MR. EVANS cont'd) . . . . have to look at the sales of companies, the output of facilities in the province and I can assure the honourable member that we have stimulated economic activity; the number of man-years created, I don't happen to have a specific estimate of. But you can go and survey the printing firms yourself and find out maybe.

MR. SPEAKER: Orders of the Day. Order, please. Before we proceed I should like to indicate that inadvertently the Orders for Return were placed in the inside of the Orders of the Day instead of at the top and we will take those at the present time before we proceed.

#### ORDERS FOR RETURN

MR. PAULLEY: I believe there is just one, Mr. Speaker, as I look at the order paper, that is the Order for Return of the Honourable Member for Portage la Prairie. I believe the others are referring to Address for Papers which have been transferred for debate --(Interjection)-- oh, okay.

MR. SPEAKER: On the proposed motion of the Honourable Member for Portage la Prairie. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Speaker, I move, seconded by the Honourable Member for Assiniboia

THAT an Order of the House do issue for a Return showing:

- (1) The names, positions, salaries of all employees hired by the Manitoba Development Corporation since July 1, 1969.
- (2) The names and terms of references of all advisors and consultants hire by the Manitoba Development Corporation since July 1, 1969.
- (3) The last position, salary, and location of the above mentioned employees, advisors, or consultants.
- (4) (a) The record to date of all fees and expenses committed to any of the above two groups.  
(b) In the case of expenses for each of the above mentioned persons, show all details, and if for trips out of the province, give dates, destinations, purpose of trips, and all costs attributable to the trip.
- (5) In the case of each employee hired by the Manitoba Development Corporation, state whether the position was filled by:
  - (a) Civil Service competition; or
  - (b) Appointment by the Lieutenant Governor in Council;  
or
  - (c) By any other method, and if so, explain.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, in accordance with previous indication of intent on the part of the government, expressed by myself, with respect to previous orders for return, I want to indicate that we shall accept this order. However, I make it clear in advance that the conditions that apply are as follows: That we will provide the information in respect to numbers of persons that have been employed by wage category and classification, by job description, but we will not give the names of individuals; and in fact, if the order for return were to be answered on an individual name, by individual name basis then we would invoke citation 213 of Beuchesne. Rather than do that, we will accept the order subject to the condition I have just outlined. And also, one other condition is that matters that are under current negotiation, current consideration that we will not disclose the nature of the negotiations themselves since this might jeopardize the possibility of consummating an agreement ultimately.

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

MR. G. JOHNSTON: Mr. Speaker, the conditions are unacceptable so I suggest this be set over for debate at Private Members' hour.

MR. SPEAKER: Very well. The proposed motion of the Honourable Member for Assiniboia. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I beg to move, seconded by the Honourable Member from Portage la Prairie

THAT an Order of the House do issue for a Return showing:

- (1) The names, positions and salaries of all employees hired by the Department of Colleges and Universities Affairs since July 1, 1969.

(MR. PATRICK cont'd) . . . . .

- (2) The names and terms of references of all advisors and consultants hired by the Department of Colleges and Universities Affairs since July 1, 1969.
- (3) The last position, salary, and location of the above mentioned employees, advisors, and consultants.
- (4) (a) The record to date of all fees and expenses committed to any of the above two groups.
- (b) In the case of expenses for each of the above mentioned purposes, show all details, and if for trips out of the province, give date, destination, purpose of trip, and all costs attributable to the trip.
- (5) In the case of each employee hired by the Department of Colleges and Universities Affairs state whether the position was filled by:
  - (a) Civil Service competition; or
  - (b) Appointment by the Lieutenant Governor in Council; or
  - (c) by any other method, and if so, explain.

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

MR. PATRICK: Ayes and Nays, Mr. Speaker.

MR. SPEAKER: Call in the Members.

A STANDING VOTE was taken the result being as follows:

YEAS: Messrs. Beard, Bilton, Blake, Craik, Einarson, Enns, Ferguson, Froese, Girard, Graham, Henderson, G. Johnston, Jorgenson, McGill, McGregor, McKellar, Patrick, Sherman, Spivak, and Mrs. Trueman.

NAYS: Messrs. Adam, Barrow, Borowski, Boyce, Burtiak, Cherniack, Desjardins, Doern, Evans, Gonick, Gottfried, Hanuschak, Jenkins, Johannson, Mackling, Malinowski, Miller, Paulley, Petursson, Schreyer, Shafransky, Toupin, Turnbull, Uskiw, Uruski, Walding.

MR. CLERK: Yeas 20; Nays 26.

MR. SPEAKER: In my opinion the Nays have it, I declare the motion lost.

The proposed motion of the Honourable Member for LaVerendrye. Order for Return by the Honourable Member for Assiniboia.

MR. PATRICK: I ask leave to have this matter stand.

MR. SPEAKER: Very well. Adjourned readings, debates on second readings. The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the order of business would be to call Bills 5 and 6 and then to proceed on to supply. I'm sorry, which bill number? Yes, I'm sorry, Mr. Speaker, if I may, offer some redirection. Bill 23, Bills 5 and 6, Bill 17, Bill 21, and then into Supply, Sir.

MR. SPEAKER: The proposed motion of the Honourable Minister of Finance. The Honourable Member for Inkster being absent do we proceed?

MR. SCHREYER: Mr. Speaker, I'll give you the sequence again of the bills to be called. Start with Bill 23, and then Bill No. 17 and there's agreement to proceed with 17, I understand, and Bill 21 and then Bill 6 and then Bill 5, in that order.

#### ORDERS OF THE DAY - GOVERNMENT BILLS

MR. SPEAKER: Thank you. The proposed motion of the Honourable the Attorney-General. The Honourable the Attorney-General.

MR. MACKLING: Mr. Speaker, I move, seconded by the Honourable Minister of Finance that Bill 23, an Act to amend the Queen's Bench Act be now read a second time.

MR. SPEAKER presented the motion. The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, the amendments that are embodied in this bill are rather straightforward. It's a very short uncomplicated piece of legislation. There are two particular changes sought in the Queen's Bench Act. The first one would permit the establishment of supernumerary judges in the Court of Queen's Bench in the Province of Manitoba. There is, I believe it may be on the Order Paper, at least its been announced in Votes and Proceedings, an amendment to the Court of Appeal Act which in that Act as well, makes provision for the similar establishment of supernumerary judges. This is pursuant to arrangements or at least commitments made and legislation passed by the Federal Government which makes it possible for a Judge of a Senior Court, of either the Court of Queen's Bench or it would be in the Court



(MR. MACKLING cont'd) . . . . of Appeal, to, if he has attained the age of 70 years and has served in the court for a minimum period of time, to opt to become a supernumerary judge. In effect, he would be available for calls through the Chief Justice of the Court at any time to do the work of the Court.

Since, in effect, it would expand the number of judges available in Manitoba for the adjudication of matters brought before it, and since of course, it involves no expense to the provincial Crown, I had indicated my own tentative approval and discussions were had between the Chief Justice of the Court of Appeal and others in Ottawa, in discussions respecting the formulation of this legislation and we concur that this change would be in the best interests of the system, the administration of justice in Manitoba, and accordingly, it's provided in the first section of this bill.

The second matter that is dealt with in this bill is the making provision for any board or commission or tribunal, established under any Act of the Legislature that has authority to take evidence, to apply to the court just like any other litigant would be able to apply to the court for special assistance of the court in connection with primarily the taking of evidence and the production of documents of individuals and corporations outside of Manitoba.

This has particular relevance at the present time, Mr. Speaker, and is brought at the request primarily initially, of The Pas Forestry Commission who have been hearing evidence from a great number of people and have been examining a great number of documents in respect to the matters of inquiry referred to it. They are anxious to be able to have the right through arrangements that are possible by order of the court, with reciprocating courts in other jurisdictions, to bring before them by the compulsion of the court process out of the jurisdiction those witnesses which have declined to attend before the commission here in Manitoba. In effect, this will give the legal outreach capacity that is available to any litigant before our courts, to boards or commissions who are constituted to inquire and take evidence before commissioners of an inquiry appointed with responsibilities given them pursuant to their appointment.

In effect, Mr. Speaker, it will make commissions and tribunals that are requested to make inquiries, give them the same right as any ordinary litigant would have if he or she had brought an action in the court on a particular matter. We think that this is in the best interests of the administration of justice in Manitoba. It, as I have indicated, will give, not only to the particular commission that's concerned now about having the ability like an ordinary litigant to go beyond the jurisdiction, with the co-operation of the reciprocating court, but any other board or tribunal that may in the future feel the necessity of examining witnesses under oath, and with the same contempt provisions of a reciprocating judicial tribunal, have that power accorded to it; that this will work in the future for insuring that the board or tribunal or commission that has been appointed with this task will not be frustrated simply because they have not been given the opportunity that an ordinary litigant would before our courts.

We think, therefore, that it's very reasonable legislation and I have briefed various spokesmen of the parties across the House, to give them an early understanding of the rationale for the legislation, and since the The Pas Forestry Commission is most anxious to be able to deal with the hearings of witnesses outside of the jurisdiction as quickly as possible and schedule those, I am most anxious that this legislation be passed as soon as possible through the House, and be dealt within Law Amendments Committee and given the sanction of Royal Assent as soon as it can be to facilitate that Commission.

MR. SPEAKER: The Honourable Member from Morris.

MR. WARNER H. JORGENSON (Morris): Mr. Speaker, as the Attorney-General has stated, he has drawn to our attention prior to the introduction of the bill, the necessity of - at least the necessity that he feels of expediting the passage of this bill, and we don't want to in any way unduly delay its passage if that necessity can be justified. So far as the first part of the bill is concerned, the Minister's explanation that it's simply conforming to legislation that has already been passed by the House of Commons and requires the concurrence of this House, we have no objection and that could be done quite expeditiously.

However, the second part of the legislation, as the Minister points out, is intended to deal with a particular situation. That which is concerning itself with the investigation into the Forestry Complex at The Pas. One of the initial reactions that we have on this side of the House, is that we have no objection to accommodating the government in this particular instance, that in order to facilitate the investigation into that Complex, we would be quite happy

(MR. JORGENSEN cont'd) . . . . to give fairly rapid passage to this bill at second reading, and then its various states. However, Sir, we're always a little cautious and a little concerned when legislation is introduced to deal with a particular situation and then becomes permanent, for situations that may not arise again. I think as legislators we should be quite concerned about having legislation on the statute books that purports to deal with situations that may not arise.

Now I, for one, would be prepared to allow this bill to be split into two parts, we'd give immediate passage to one, and if the other one could be dealt with to deal with the particular situation at CFI, we would be happy to allow that to pass as well; but I think we should exercise some caution and some concern about having permanent legislation dealing with unheard of emergencies or problems that may not arise. For that reason, we would like to have the opportunity to examine it perhaps just a little bit further, and I want to say to the Minister it is not our intention to unduly delay it. My Leader intends to take the adjournment following my remarks, and perhaps Monday we can then give a final position on it, and I hope that that arrangement is satisfactory to the Attorney-General. I wanted, however, to make these brief remarks, in order to express to him our concern about a matter that I think the House should concern itself with.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I just have a few comments to make in connection with the bill before us. I certainly haven't checked the bill out, but I take the Minister for his word and his request that this be dealt with rather urgently. I know there are always some reservations that one has when such requests are being made. We know some of the repercussions in connection with the Laporte case in Ottawa where the War Measures Act was invoked and where you open up matters to many other items than just the one that you are actually concerned with; and therefore as the Member for Morris has stated, there is some apprehension there. However, I certainly would like to see the best report available and from the Churchill Forestry Inquiry Commission and I certainly do not want to stand in their way, and if measures of this type are needed for that purpose, I will certainly go along with it.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I move, seconded by the Honourable Member of Riel that debate be adjourned.

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

MR. SPEAKER: Bill No. 17. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I thank honourable members to whom I spoke yesterday who agreed that I would be granted leave, although it's not on the order paper, to introduce Bill No. 17. I therefore move, seconded by the Honourable the Minister of Public Works, that, by leave, Bill No. 17 An Act to Amend the Income Tax Act Manitoba be now read a second time.

MR. SPEAKER presented the motion.

The Honourable Ministe of Finance.

MR. CHERNIACK: Mr. Speaker, all honourable members are aware of the clear and firm commitment of this government to the principle of fairness and equity in all matters including taxation. This commitment is twofold: Not only must the governments be fair and equitable in the formulation, implementation and delivery of programs tailored to best meet the needs of all our citizens, but also they must exercise due care and caution so that equity is dominant on the revenue raising or taxation side. In my comments today, I will confine myself only to the taxation side. I would not want honourable members to forget, however, that decisions in respect of this bill should be made not in isolation, but in the context of this government's overall policy.

Since November 7th, 1969, this government has insisted that all aspects of the Federal Government's White Paper on tax reform, be scrutinized carefully to insure that real reform of the Income Tax system and not just marginal tinkering was achieved. Thus in all the various federal-provincial meetings on income tax reform, Manitoba advanced the proposition that real reform could be based only on the adoption of the principle of equity and the principle of ability to pay. All our suggestions, all our recommendations were designed to achieve this fundamental reform. However, it has become apparent that our suggestions have fallen on deaf ears. In fact informed commentators such as Mr. W. A. McDonald, who is the past governor of the Canadian Tax Foundation, observed that the tax reform discussions has only

(MR. CHERNIACK cont'd) . . . . "meant the one way street of making petitions to those who never respond". Indeed, Mr. Speaker, we are extremely disappointed at the failure of the Federal Government to give reasonable attention to our suggestions.

As the debate on tax reform continued, we watched with amazement as the Federal Government revealed the intent to impose the same old income tax system on all Canadians. The failings of the income tax system have become so well-known, so well documented, that the federal failure to produce the meaningful reform that they could have produced is simply unforgivable.

Over a year ago, on March 23, 1971, to be exact, I forwarded to the then Federal Minister of Finance, a list of major recommendations of this government for reform. These suggestions were reiterated in my 1971 Budget Address, and I repeat them lest there be any doubt that our position was not made clear: "Firstly, the new income tax legislation should be based on tax credit instead of tax exemptions because tax exemptions provide greater benefits to those with higher incomes; a system of tax credits on the other hand, which pays attention to marital status, dependents and day care service, would be more equitable.

Secondly, a comprehensive income concept should be adopted with all forms of income to be included, and subjected to the graduated scale of income tax based on the ability to pay.

Thirdly, capital gain should be taxed at full rate in the same way as salaries and wages and other forms of income with exemptions and particular arrangements to prevent undue hardship for the family farm and the homeowner.

Fourthly, strict limits should be placed on corporation capital cost allowances, on advertising, entertainment, and convention expenses.

Fifthly, there should be adequate assurances of sharing revenue increases with provincial governments, and the estate and corporation taxation to be levied and administered across the country by the Federal Government.

Sixthly, the same treatment of employment expenses should be allowed for wage and salary earners as is now allowed for the self-employed.

Seventhly, natural resource industries should be taxed on the same basis as other industries; and eight, that there should be a continuation of progressive top rates in the income tax schedule which would enable the lowering of rates at the bottom of the scale."

Well unfortunately the Federal Government refused to accept our suggestions and instead opted for the continuation of inequities and inconsistencies, incongruities, of the inadequate income taxation. Instead of instituting tax credit which is a more effective method of providing tax relief to low income earners, the Federal Government elected to retain an outmoded general exemption system. Though basic exemptions were increased and supplemented by special deductions for child care, employment expenses, moving expenses, the relief these will provide is clearly less than could have been effected by means of a tax credit system.

Instead of a comprehensive income concept as recommended by the Carter Commission Report, the new tax package calls for the inclusion of certain previously exempt items as income, yet excludes such items as windfall gain, and proposes the inclusion of only on-half of defined capital gains. Instead of placing strict limits on corporations capital cost allowances, advertising, entertainment, convention expenses, as Manitoba had suggested, the Federal Government elected to retain virtually the present system, thus perpetuating in the case of capital cost allowances, a system favouring large businesses, and in the case of entertainment and convention expenses, a system favouring both company and self-employed businessmen, in relation to average salary workers.

Instead of continuing existing top progressive rates, in order to make possible reduced rates at the lower end of the progressive rate schedule, the Federal Government chose to lower the top rate, a decision which runs counter to the fundamental principle and precept of progressive taxation, that of ability to pay. And instead of taxing natural resource industries on the same basis as other industries, the Federal Government decided to retain major tax incentives, thus permitting, in many cases, absentee owners to reap substantial profits while returning little to the people of this country whose resources are being exploited.

And finally, instead of providing assurances of adequate revenue sharing with provincial governments, and instead of continuing to levy its estate tax on a common basis across the country, the Federal Government has proposed a system which promises to provide the provinces with less revenue than under the old system and may well force provinces to increase their taxes.

(MR. CHERNIACK cont'd) . . . . .

In spite of all these failings to achieve real reform in the income tax system, Manitoba recognizes the income tax system to be the most progressive and equitable tax source at this present time. We recognize the value and indeed the inherent equity in a relatively uniform standardized basic income tax system across the country. It is primarily for this reason that Manitoba has decided to remain within the Federal-Provincial income tax collection framework and to introduce whatever legislation is necessary to insure that the Manitoba income tax system remains consistent with the federal income tax system.

In the context of our decision to remain in the income tax framework and to implement parallel legislation, I should like to stress one very significant modification. As honourable members became aware on April 6th, the Government of Manitoba has succeeded in obtaining federal agreement to administer a plan of school property tax relief specifically designed to concentrate the relief in the hands of those on low and fixed incomes, for 1972, and subsequent taxation years. So it is not without some personal satisfaction that we point out that this plan, that is relating relief from property taxation to ability to pay as determined under income tax legislation, that this is without a doubt, the most progressive and the most beneficial plan of its kind in operation in North America.

Mr. Speaker, one area of special concern to this government, quite apart from all the various changes in the determination of taxable income, is the mechanical determination of Manitoba income tax payable. In 1971 all taxpayers calculated an amount called on the tax form "Federal basic tax". Provincial income tax was levied as a percentage, in Manitoba's case it was 39 percent of this amount - of federal basic tax. For 1972, however, the Federal Government has changed the method of calculating the federal basic tax in such a manner that all provinces' tax bases are reduced. To offset this reduction in provincial tax bases, a reduction which averaged well in excess of 8 percent, it was necessary to increase all provincial income tax rates by 8.92 percent merely to assure provinces that all would receive approximately equivalent revenues and would have been received if the Federal Government had not changed the income tax base. This explains why our rate was converted to 42.5 percent and why all other provinces' rates were converted upward as well. And I should parenthetically note that this includes Quebec whose own taxpayers will be permitted a converted abatement rate.

I have with me a list of the '71 rates as it applies to all provinces and that was the rate, 1971 rate, based on the federal tax base and the 1972 equivalent which is to produce the same amount of money as closely as can be estimated as would have been collected under the prior and in all cases without exception the percentage of the new base is greater than the percentage of this old base. I've said it time and again and some have understood and others have refused to understand that this was a necessary calculation, not made by the provinces but made by the Federal Government and its team of experts in order to relate the same. And to protect the provinces that might be adversely affected by any error in this calculation, there is a guaranteed formula that will guarantee two provinces at least as much as they received in the previous year as they will get in future years.

I have with me Bill C-8 which is the federal bill on income tax and I might say that Section 15 of that bill specifically gives the converted rate applicable to each province and in the case of Manitoba under (f), gives the rate for Manitoba of 42.5 percent. I haven't the slightest doubt in my mind and nor have any of those who have really studied the calculations that indeed that is the proper calculation to produce the same amount of revenue on the same basis as in the 1971 system.

The bill itself -- if I may refer to it, Mr. Speaker, before us -- Bill 17 is required to conform to the new Federal Act and therefore is uniform for all provinces with the possible exception of Quebec which has a different tax collection arrangement with the Federal Government and also would be different in connection with Ontario in relation to the corporate tax because Ontario collects its own. May I mention that the differences, Mr. Speaker, in the first case there is a difference in relation to the percentage payable because it's different in many of the provinces so that's a difference from uniformity.

Then if I may just mention there is one section and I'll sneak in the number 10 if I may, which is a correction of a previous technical error and Section 17 which is a typographical correction. Other than that, I'm informed by our Legislative Counsel that this Act is uniform across Canada for all provinces and all provinces other than as I mentioned, Quebec, and the

(MR. CHERNIACK cont'd) . . . . particular variation in Ontario which collects its own corporation tax. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I move, seconded by the Honourable Member for Lakeside that debate be adjourned.

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

MR. SPEAKER: The Honourable Minister of Finance on Bill 21.

MR. CHERNIACK: Mr. Speaker, again I thank honourable members who have indicated to me last night that they would be agreeable to permitting me to introduce Bill 21 even though it was not on the Order Paper.

MR. CHERNIACK presented Bill 21, an Act to amend the Revenue Tax Act, the Tobacco Tax Act and the Amusements Act, for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, this is a tax bill relating as its title indicates to three specific acts and I would propose with the consent of the House to summarize the bill and to deal with it section by section which is not in accordance with the Rules of the House. The reason I suggest this is that I could launch into a general discussion on the principles of the bill but, Mr. Speaker, I think we had very extensive discussion throughout the budget debate and therefore I'm prepared to spare my friends a repetition; but of course more inspired and more enthused because the more I comprehend all that we're doing and the position of the parties in opposition the more convinced I am that we're heading in the right direction. I am prepared to spare them that but I did think it might be useful to members opposite and members on this side if I do refer to the sections dealing and pointing out what they are . . .

A MEMBER: Agreed.

MR. CHERNIACK: . . . and I assume from the reaction I'm getting now that this will be acceptable although the Member for Fort Garry is . . .

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I just wonder if I might ask the Minister of Finance a question on that point, and ask him whether that precedent might be followed through in terms of our approach to the bill itself then or we'll be into the repetitive situation, the repetitive kind of condition that he is trying to avoid.

MR. CHERNIACK: Mr. Speaker, that's an interesting point and I would think that certainly members opposite in debating this and I speak now harkening back to my experience dealing with these in opposition, that there is no prohibition to discussing let us say the question of snowmobiles; the actual prohibition as I understand it is the discussion of the numbered sections and in introducing it I would think that I should refer to the numbered sections so I could lead members through the bill. On the side of the opposition I think there's no problem in dealing with any of the items here because since they are specific tax items they are the principle and policy as applied - the principle and policy of the bill as applied to specific items and I know there was never any problem on our side when we were in opposition debating the specific items of a tax measure such as this, so frankly I don't visualize the problem.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Speaker, I'm sure that the Minister's problem can be overcome quite easily. The bill is divided into four parts and whatever references he wants to make to particular sections of that bill can be dealt with by separating it into those four parts and generally making his remarks relating to the parts of the bill rather than enumerating the sections and thus avoiding a violation of the long standing practice of this House.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: I quite agree. I think I should have the ability to lead the members through the bill without actually mentioning the sections and I'm sure I'll get help from the Honourable Member for Morris if I need help in that regard. May I therefore introduce my remarks having already introduced certain remarks -- extend my introduction by pointing out that as announced in the budget debate we propose that certain of these tax changes be effective May 1st and others June 1st. There was the discussion that we held as to the practice and the principle relating to bringing in a tax change on budget night; that is done in the Federal House and I've been told that in the Federal House they make a change in customs and duty effective budget night and then it might take I was told as long as 14 months before it is actually passed

(MR. CHERNIACK cont'd) . . . . in the House and there's no problem. But we felt that we didn't want to do that but rather we should give notice and give an opportunity to the House to deal with the subject matter before the effective date of taxation. I'm hoping that members will find it possible to complete the passage of this bill by May 1st. If it's not possible it would to that extent have to be retroactive. There is really no problem in relation to enforcement I'm told.

All right then, Mr. Speaker, let me deal with the bill itself and the four parts that have been pointed out to me and the first part which deals with the Revenue Tax Act brings in certain changes. Firstly it brings in a definition of snowmobiles because snowmobiles are coming within the category -- will be referred to later in the bill. Secondly, there is a change in description of property which is taxed at five percent only to the extent that it removes the reference that would apply to the taxation of liquor and that again ties in with a subsequent section. So turning the page as I do I come to a further change which again relates to the proposal to tax liquor other than beer manufactured in Canada at the rate of ten percent and that is then a new section to the Act. And I point out now that I've already announced in the Budget Speech that we also do not propose to increase the cost to the consumer of unfortified wines of under \$3.00 per normal size bottle and that is being done through a reduction in the price equivalent to the increase of tax, so that there will be the same cost to the consumer.

Then the bill provides for certain transitional features what we refer to as "straddle provisions" dealing with and similar to I'm told the present Act which had these straddle provisions to take care of situations that were in hand at the time of the announcement of the budget announcement and therefore so as not to adversely prejudice people who had actually placed orders but had not yet received delivery on that period. So I'm told that the wording is the same as it appears in the old act in relation to the change that took place at that time and these are similar dealing with aircraft repair parts.

Then there is relation to leasing of aircraft, the same kind of straddle provisions to take care of that and certainly when we go into Committee of the Whole and the Legislative Counsel is present we can get elaboration on the explanation if committee so desires it. In along with the straddle provisions is the need to refund taxes imposed during that straddle period which is again spelled out in the act, in relation to production machinery and in relation to leasing of production machinery.

Then there is a change, there is the repealing of a certain portion of the act which actually was an exemption to aircraft and by now being repealed makes aircraft taxable; and it is being replaced by a new exemption which is the safety hats, safety work boots with built-in steel toe protectors, asbestos gloves and welders' goggles, masks or shields used for the protection of eyes during the process of welding. Further there are two portions of the act repealed and they relate to the elimination from exemption of cleaning fluids and of production machinery items.

Turning the page we are bringing in new exemptions for the following: used clothing other than footwear valued at a fair value or less than \$25; used footwear valued at a fair value of less than \$5.00; used furniture valued at a fair value of less than \$25.00; wood used as firewood for domestic heating or cooking; farm horses; sanitary pads and tampons; toothpastes, tooth-pwders, denture cleaners and denture adhesives. --(Interjections)-- Then, Mr. Speaker, there are certain exemptions again dealing with the removal of the exemption on lighter fluids and then reinstating the exemption for gasoline used in internal combustion engines and the same in motor fuel tanks. There is a further repeal of this section again related to the taxation of production equipment.

Then there is provision to exempt certain repairs or services provided that are clearly intended where the benefit will be derived out of this province. The example I can give you is that of a local firm which may be involved in the making of circulars advertising material outside of the Province of Manitoba; and therefore in order to enable them to compete with firms in other provinces they will be able to bring in the goods into, or produce the goods which would then be mailed -- that is, sorted, folded, inserted into mailing packages and mailed out, and if mailed out to be used for recipients outside of Manitoba they would be tax free - sales tax free - and therefore would not be imposing a tax on people who consume outside of Manitoba. The same would apply -- for example, large equipment that is brought into Manitoba for repair and clearly is taken out of Manitoba to be used out of Manitoba, that too would become exempt.

(MR. CHERNIACK cont'd) . . . . .

There is then the provision for the taxation of certain aircraft based on the proportion of the number of miles operated in Manitoba as it bears to the total number of miles the aircraft is operated, and is a provision which I believe I have previously indicated in the Budget Speech is now applicable in British Columbia and Quebec. Then, Mr. Speaker, there is a change which was recommended by the revising officer which puts into the Act something which had previously been put into regulation but it removes from the exemption snowmobiles and aircraft, and this is in line with what has been indicated in the budget speech. And again I say, I'm not sure if I said it, but I meant to say "used" snowmobiles and aircraft.

Then again there is a section dealing with certain vehicle transactions, which again is being inserted into the Act on the recommendation of the revising officer, it apparently having been in the regulation before for some years, but there are similar sections provided in relation to refunds relating to snowmobiles and aircraft on trade-in situations. Then there is the exemption regarding the removal of the tax for repair of footwear which is being imposed up to now; then there is a section which adds to the words "residing" in a certain portion of the Act the words "or carrying on business", I'm informed that's for clarification purposes. There is then a change which is only there in order to adjust to previous changes that were made relating only to the enumeration of certain clauses in a subsection of the bill and there is a slight change in relation to printing and binding and lithographing, etc., which again provides for removal of the limitation that existed in the Act itself which related to the taxation of these items or these services for purposes of sale.

Then there is again sections necessary to deal with production equipment and part of the straddle arrangements, and again there is a better clarification on the lien rights of the Provincial Government, requiring now, the change being, that in order to have a lien on real property it will be necessary to register a lien. Apparently the present Act gives a lien on all property but seems to make it unnecessary to register a lien under the Real Property Act, so this is spelled out so that there must be a lien registered in order to protect the integrity of the Torrens title system.

There are some other changes relating to warrants which are again for the same intent and another change which is on the recommendation of the revising officer, they can be dealt with in detail in committee; and certain other changes which are on the recommendation of the department to provide additional protection.

Now dealing with the second part of the bill. This relates to the change in taxation of Tobacco Tax Act. I can inform honourable members that the Assistant Deputy Minister in charge of tax collection has just returned from a visit to tobacco manufacturers and suppliers in the east and as the result of his discussions, there will be an amendment brought in committee for one additional category, which would provide that, there will be a tax of 1-1/2 cents on every cigar whose retail price is over 4 cents and less than 6 cents, rather than as it now would read a 2 cent tax. The reason for that we find is that there are certain cigars which are sold in package form, not singly, and the average price is just over 4 cents, they are packaged in eight or more per package; an increase of 8 cents on a package of cigars that costs about 35 cents is a large increase and is beyond the parameters of the percentages we had in mind of increase and therefore by inserting this, we are again providing for a package of eight to be increased 4 cents rather than it would have been 8 cents under the printed proposal. So there will be an amendment along that line, and therefore the other changes I believe followed the changes that have been made. Again, there is a change under this part dealing with putting into the Act what is now in regulation and therefore tidying it up.

Dealing now with Part III, there are two features relating to the Amusements Act. One is the fact that we have found that there is difficulty under the present Amusements Act in relation to the description of "amateur amusements". Apparently there is not an adequate definition and it is therefore proposed that there be a definition of amateur amusements. I'm told that there could be a privately owned team competing and accepted to compete in what is termed an amateur league of some kind and that team might be privately owned with profit in the minds of the owner, and therefore in order to clarify what is meant by "amateur", the provision is proposed for a fuller and better definition. This relates to something that the government is not prepared to do yet but is studying and has already discussed with certain organizations. That is the fact that there has been an automatic exemption to various events in amusement tax and we have been discussing with them and discussing amongst ourselves and we have no

(MR. CHERNIACK cont'd) . . . . position on this at all, except I think the advisability the members may have of wanting to discuss this if they would, whether or not it might be a better assessment for the people and for the Legislature to say that all amusements should be taxed but that those amusements that today warrant an exemption of taxation should be given a grant in place, and therefore recognize that certain forms of amusement are deserving of grants but not necessarily deserving of an exemption from amusement tax. The situation varies all over North America actually, where in some places all pay amusement taxes and get grants and other places they don't pay amusement taxes or part amusement taxes. We think that it's worthy of discussion, but we are not proposing that now. For that reason you'll find that even the definition itself that we are proposing is stood over for proclamation and there is certainly no intention on the government's side to go ahead with what I'm saying is just being discussed in relation to a policy decision.

But the other part of that portion or part of the bill is the one carrying out our stated intention of changing from 60 cents to \$1.00 the imposition of amusement taxes and the purpose is apparent but I can tell you that the main requests we have received for this have been from the rural movie theatres which are having difficulties in making a go of it and who do feel -- and I have already received a letter since the budget speech from the president of the Movie Theatre Exhibitors Association with appreciation for the fact that they feel this change will be of some help to them. It's not going to cure all their problems but it will be of some help to them and that is the proposal.

Finally, the fourth part deals with the effective dates and as I have indicated it is proposed that the legislation dealing with liquor change will be effective June 1st; the one section dealing with Amusements Act would be on proclamation and all the rest would be effective as of May 1st, 1972.

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

MR. SHERMAN: Mr. Speaker, I move, seconded by the Honourable Member for Riel that debate be adjourned.

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

MR. SPEAKER: The proposed motion of the Honourable Minister of Finance. The Honourable Member for Birtle-Russell. Bill No. 6.

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Speaker, we have heard the Finance Minister at quite great length this morning talking about taxation bills and principles and I would say, Sir, that one of the dominant factors in all his presentations has been a principle which he claims to espouse, and that is the principle of tax equity --(Interjection)-- equity. In every speech on taxation matters, Sir, he has mentioned the fact that this government is dedicated to the principle of tax equity, and I would say, Sir, that from everything I have seen in the legislation to date - and I'm talking in particular about the gift tax here - that I think it's time the Minister got a little further away from his dedication and started to bring into active practice some of the principles that he actually espouses. Because it seems to me, Sir, that the Gift Tax Act does not have the equity that the Minister talks so much about and some of the other tax measures have the same short fallings that are apparent in this Act. That leads you to wonder, Sir, whether the Minister is really just paying lip service to the principle of tax equity, which is his right if he so desires; or if he is really committed to that principle then I would suggest that certain sections and certain items in the various tax measures he has before us should be changed, because equity does not appear to be apparent so far.

I would like to refer you, Sir, to a piece in yesterday's paper in the Winnipeg Tribune, written by one Mr. Jack London, headlined that "The Legislation Provisions on the Gift Tax Lack Equity" and he goes on to explain in that article why. Well I don't want to read that into the record, Sir. It is readily available to all members and I am sure the Minister has read it as well. It would seem to me, Sir, that on looking at this Bill, that the government is trying to arrive at a position where really only government are the ones that are permitted to make gifts. They want to in essence take as much as they can from the taxpayer and then be in the position to make the gift or small portions thereof back to the taxpayer.

We said before, Sir, in the succession duties that the amount of money that the government intends to receive from this type of legislation is really not that great. I don't think that the Minister intends to get a quarter of his revenue or anything like that from legislation of this nature, so you would almost come to the conclusion that it's more of a nuisance tax than a



(MR. GRAHAM cont'd) . . . . gift tax. It will provide a few jobs, certainly it will provide a few jobs, but for the amount of revenue that the Minister is going to get in comparison to the work involved, I would be inclined to suspect, Sir, that the Minister is committed to a principle and is using this Act to fulfil a principle rather than to collect revenue. And he has that right to, that is his prerogative, Sir, but I feel, Sir, that if governments do that for the sake of political principles, that the electorate by and large will not have much confidence in that type of government.

We find here that basically the principles of punitive taxation are quite prevalent throughout, the Minister tells us that this is just picking up the slack that was left when the Federal got out of the field, but we find that really the value of a gift for taxation purposes has been reduced and the exemptions are less than they were before.

However, there is one place where you can make a gift, Sir, that is not subject to taxation. That is a gift to the National Art Gallery. I would wonder why just the National Art Gallery is the one area that you can make a gift to.

We have places for charitable donations like our Winnipeg Art Gallery, and the Minister is not giving the same right to some other organizations as he does to the National Art Gallery, as far as I can find out. The question of gifts to charitable organizations has been one that has bothered many governments for many years because we realize that charity in this world is probably one of the basic principles that our Christianity was founded on, and other religions. However we find that our universities really couldn't exist without charitable donations, and all our other social and cultural foundations are very beneficial to our society. So I would ask the Minister to think very carefully and probably reword some of the charitable conditions that he has in the Act.

I spoke at some length the other day, Mr. Speaker, on the question of the farmer as far as the Succession Duties Act applied to him, and I would say that the Gift Tax Act applies in much the same manner. The once-in-a-lifetime gift that used to apply to in the federal legislation quite often was sufficient to get a young farmer started where the father could make a good healthy gift, and I would suggest, Sir, that every effort be made to maintain that, because we need the young people. The combination of the succession duties and the gift tax is going to make it increasingly difficult for the farmer to hand on his farm or some of his holdings to his son.

We're not too sure, Sir, how the Minister is going to evaluate some of these gifts. I know that some people are concerned about evaluation, and I would suggest to you, Sir, that -- or just ask the Minister some questions. Supposing a farmer gave his young son a 500-pound steer on the 2nd of January, and the son worked very industriously all year round and in the fall he took it to the Toronto Royal Fair and he got the grand champion steer. And maybe he ran into some Minister of Finance or other wealthy person who was a little bit concerned about his public image, and he said, "Well, here's a good chance for me to get in good with the farmer", and he purchases the grand champion steer for \$3.00 a pound, or \$3.50 a pound. -- (Interjection)-- And I would ask the Minister if that gift of a 500-pound steer to a young son would be valued at the normal market value of the steer of that date, or whether the \$3,500 that the son received for it ten months later would be the price that the Minister would put on it. --(Interjection)-- Because he wouldn't have got \$3,500 from it if the son had not been enterprising and diligent and worked hard to improve the quality of that animal. So when the Minister is closing debate I would ask if he would tell me just how you evaluate or arrive at a figure of value on a gift of that nature.

Or perhaps, Sir, we might take another case when it comes to evaluation of gifts. Supposing, Sir, we had a person in authority in a corporation of some nature or another who was able to give some of his close relatives some pretty fancy jobs at high salaries. Would that be classified as a gift for taxation purposes? Because if it is, then you've got the difference between the arm's length agreement and the relative clause and some would get greater exemptions than others. --(Interjection)-- Well, that may be, but you also have to remember that you're dealing with relatives.

Sir, there are so many inequities in this and the Succession Duties Bill that I would sincerely hope that the Minister will consider many changes before this bill becomes law. And I would also ask the Minister to consider if he has to bring in this type of legislation -- if he really has to, would he then consider phasing it out when capital gains is brought in by the Federal Government and becomes fully effective. Because I think that you've got an overlap if

(MR. GRAHAM cont'd) . . . . you carry both these through, and I think the capital gains is probably a more effective way of dealing with something that the Finance Minister says he is after here, and that is those that have wealth; and he wants to give it to those that haven't, or give a portion of it to those who haven't, because when governments take it from people they only return a portion back to the people, the administration always costs something.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I just have a few remarks to make in connection with this bill. I regard it as a companion bill to the Succession Duties Act, and no doubt this was made quite clear in the introduction of the bill by the Minister. It seems to me, Mr. Speaker, that the Minister of Finance has been doing a good job in selling a bill of goods to the other provinces. I think it's been Manitoba's influence at these federal provincial meetings in selling this type of legislation -- (Interjection) -- I dislike it very much that when noting what went on at these conferences -- certainly this is the case, but I think the other provinces were too hard up to refuse it and that's why they bought it. -- (Interjection) -- It's a sorry state-of-affairs when we have to get into such a position that the finances of our federal and provincial governments where they have to take, get to rock bottom and accept legislation of this type -- because we don't even find in the estimates of our province, the estimated revenue, listed the amount they expect to receive from this type of a tax. Therefore it must be very very minimal otherwise I think at least they would have something on record to show as to what they expect.

I looked through the Canada Yearbook to check and find out where there was any listing as to the amounts that the Federal Government had collected in past years under gift taxes, and I don't see any special item either. Apparently it's included in the part of the other income taxes, so that there's really no way of finding out just what terms you are really talking about when we are talking about a gift tax in Manitoba. The Honourable Member for Birtle-Russell mentioned that this was a nuisance tax in other words, and I tend to agree that it really isn't worth it. And I think, I don't think we should go along with such legislation, but I'm sure that is just designed to cut the loopholes of the Succession Duties Act. This is purely the reason why they are bringing in this particular measure.

Mr. Speaker, I note that we are going to pay the Federal Government three percent for collection of taxes. This might not seem so much to some people, but on the other hand what are we paying the people in this province for collecting tax sales? We are paying more money to the Federal Government for collecting the succession duties and this gift tax than we are paying our people for collecting a sales tax. And why do we differentiate? I think if it's worth three percent to us for collecting this kind of tax from the Federal Government, then it should be worth that amount to us to collect the sales tax in Manitoba. I think many of our small business people who have a very hard time going and filling out the different forms and collecting the taxes for us. I think that if we are paying this amount we should do the same thing for the people of Manitoba who collect the sales tax for us.

Again I mentioned the other day that the succession duties certainly was favoring the succession duties legislation, was favoring the small family. Again this is the case here but not to the extent of the other legislation because the amount that you can give to an individual is \$2000, and to the wife \$5000, the total is \$15,000, so if you give the wife \$5000 this means that you can give \$2000 to five of your children. If you have a larger family than that the amount that you give to an additional child is taxable. So I feel that we are discriminating. I think there should be some provision in there so that if there are larger families that each child should have the same amount without having to be taxed. So the matter of gifts in kind as to the evaluation of this -- the Member of Birtle-Russell again touched on that too, as to the assessment or evaluation of gifts in kind. I'm not sure, I'd like to hear from the Minister on this just what is intended in this regard, or does this strictly apply to gifts that are made in cash?

Then, too, what about if you have bad debts on your books and strike this out or give it to some people who owe you for money and you figure it's a bad debt, what is the case in that respect? Is that still a gift, if it's a bad debt and it's stricken off the books and dissolved. I would like to hear from the Minister what assessment would be made in such a situation.

Mr. Speaker, these are just a few of the thoughts that I had on this particular legislation. I do not subscribe to the principle of the bill. I don't believe in taxing gifts, and certainly for the small amount that it will give to the province in revenues, I don't feel it's worth it. Then too, here again, exempting gifts to the Crown, I don't think the Crown should have any preference to individuals, and therefore I disagree with the bill in principle.

MR. SPEAKER: The Honourable Minister of Finance. I'd like to indicate to honourable members that he will be closing debate.

MR. CHERNIACK: Mr. Speaker, I propose to speak as briefly as I can on this. I would expect that when I close debate on Bill No. 5 that I will then be talking in such terms that should include the principle philosophy of Bill 6, and I think that I needn't go into the principles possibly too much. I'm sorry the Honourable Member for Birtle-Russell isn't here. I am more sorry that he wasn't here when the Member for Rhineland was speaking, because the Member for Rhineland answered a good deal of what was confusing in the mind of the Member from Birtle-Russell. However I'll deal with that, and if he's interested he can read it in Hansard.

The last point mentioned by the Member for Rhineland about bad debts struck off, I point out to him that he was one of the most attentive of that group that met informally with legislative counsel, where this was discussed at length. He knows very well, I believe, what the concept of the arm's length transaction is, and if a bad debt is written off at an arm's length basis, then of course it is not a gift, it's just a bad business situation where he writes it off. I must point out to him, of course, that bad debts written off are still enforceable until they run out of a statute, then they do because they're bad debts. There's no problem. So I think he's just raised a red herring on that one.

On the question of payment of commissions, he should not compare the proposed three percent payable under this to the Federal Government with collection agents mainly because the three percent of the Federal Government includes the total administrative costs. It means that there would be no increase in governments in provincial costs, but the three percent would cover the entire administrative costs which means housing of the employees, payment to the employees, inspectors, cars, expense accounts, whatever -- (Interjection) -- and when he's talking about the collection agents in sales tax receiving a commission that's only for receiving money as part of the sale price of goods setting it aside and reporting in a periodic payment. There's such a tremendous difference in responsibility that I just point out there's no comparison, except that I would like to point out that the Government of Ontario in its last budget announced that it was eliminating all payments of commission to collectors of revenue taxation in the Province of Ontario -- on the basis that if you want to do business you do it within the laws of the province; therefore you just do it, you don't get paid a commission for it, and Ontario is going to gain something over \$10 million -- (Interjection) -- in reduction of costs of increased revenue because of that. So that's what they did in Ontario.

Now, he looked for an item of revenue for gift tax, and I think that he wouldn't find it because gift tax up to the end of 1971 I believe was part of the Income Tax Act, and assume that any monies that came in were part of the income tax. But he was quite right in saying it's negligible, and he gave the reasons, the reasons being that it is not a revenue producer. It's a protector, and he understands it, he knew it and he said it. That's why I'm sorry the Member for Birtle-Russell wasn't here, and waited for his speech until after he heard the Member for Rhineland. Or indeed had he listened to the remarks made initially by the Member for Fort Garry, he would have realized that he was way off the track when he was talking in terms of not much revenue, therefore it's a revenue tax, then why bother. The point made by the Member for Fort Garry and the Member for Rhineland and every other person who has really studied this is the necessity of this bill to protect and support the Succession Duty Bill. If there were no Succession Duty Bill there would be no need for the Gift Tax Bill. It is just an essential part was found necessary by the Federal Government when it had an estate tax, and I point out to the honourable member that there are nine out of ten provinces in Canada which are passing similar uniform legislation, because until the end of 1971, the protection provided to the succession duty collecting provinces that is British Columbia, Ontario, Quebec, they relied on the protection that the gift tax sections of the Federal Income Tax Act provided. Therefore they didn't need this kind of Act to protect and support the integrity of their own Succession Duty Act.

When the Federal Government announced that they were withdrawing then it wasn't the six provinces that were involved in losing out from the federal collection, it was all nine provinces which needed this, and Ontario and B.C. and Quebec were most interested that it be passed and that it be passed by all nine provinces in order to protect their own legislation. So all nine provinces including the great and beautiful province of British Columbia to which

(MR. CHERNIACK cont'd) . . . . our friend points with such pride, having now been unable to point any longer at Alberta, he is confined to that one, which province found it necessary to pass such an Act and to ask the other provinces to do so.

Now dealing only briefly with what was said by the Member for Birtle-Russell. He asked a foolish question and that was whether we would repeal the Gift Tax Act if capital gains proved to be substantial. It's foolish because he should have realized as I have already said that the Gift Tax Act is necessary to protect the Succession Duty Act. Had he asked the other day about succession duty and capital gains that might have been a valid question but it certainly doesn't apply in this case.

He spoke about the once in a lifetime gift of giving the young farmer a start, and he said a "substantial start", and as I recall the once in a lifetime gift it's limited to \$10,000 once in the lifetime of the donor and recipient, and I point out to you that it is really not necessary to have that in view of the fact that we have raised the succession duty exemption that would apply to a son or to the children from \$10,000 per child to \$150,000 for the children. That really makes it unnecessary for these once in a lifetime gifts and really is something that can be dealt with quite readily as many tax lawyers know.

Now the Member for Fort Garry did say on Page 675 of Hansard: "It is our contention that the Gift Tax Act really is part of the same package and is designed to buttress and enforce that other legislation." That's absolutely true and that is why there is no revenue expected from gift tax; it is more to buttress than enforce. These are the words of the Honourable Member for Fort Garry. It must make effective the Succession Duty Act.

I maintain that we have not ignored the economic unit of the husband and the wife, nor have we prepared a package for exporting capital and job opportunities out of Manitoba. No tax can destroy real capital. I have here a quotation which I think is apt, which I'd like to give you by an authority on inheritance taxation. This excerpt is from Savage and Van den Bulcke on Transfer Taxes, page 41, quoting W. J. Schultz in his book on the "Incidence and Economic Consequences of the Inheritance Tax", page 320. The quotation is shorter than the citation. "Capital is not quite the shy bird having no country but building its nest where it can rest in security that opponents of high tax rates have described. Rather it is like a Greek chorus that cries often loudly that it will depart but rarely does so and then only behind the immediate scenery." Mr. Speaker, that is the kind of life that I have been living as Minister of Finance dealing with people who talk about the threats, the dangers of taxing statutes. And I will certainly elaborate on this when I deal with closing debate on Bill 5.

One point that should be clarified and that is that when we come into Committee of the Whole there will be certain amendments proposed which resulted from very good points that were made both by members opposite and by certain tax experts that write in newspapers and by the Bar briefs that have been left with us, most important of which, I believe, is the clarification to ensure that the section of the Act which deals with reporting should not mean that all gifts whether taxable or not must be reported annually and we hope to be able to clarify that section.

May I therefore conclude, Mr. Speaker, by answering specifically both of the speakers who spoke today in relation to valuation of gifts. I point out that the donor of a gift has to file a return. When he files a return he puts his opinion of value in the return and when that return is received by "the Minister" -- and in this case it will be the persons designated or authorized on behalf of the Minister -- an assessment will be made and the assessment will be forwarded to the taxpayer as a tax payable. He then has an opportunity to object to the assessment, and when he objects to the assessment it comes back to the Minister who then reassesses and in doing so he will again review the situation and the points of objection and then confirm or vary the assessment, notifying the taxpayer that in his opinion the value of the gift in this case was so many dollars, therefore there was so much tax payable. Then when that has been completed and the taxpayer has received the second response, that is really the second review of value, there is an appeal which lies to the Court of Queen's Bench. The Court of Queen's Bench has the full authority to confirm, set aside or vary the assessment and by then it is in the process of court. So I believe there is ample opportunity for a taxpayer to be able to have reviewed what is a proper value; and proper value is value as at the time of the gift. The answer should be obvious to the Member for Birtle-Russell that if you give a gift of a 500 lb. heifer, did he say? -- oh, a steer that's different -- (Interjection) -- that it is the value of that animal as at the date of the gift.

(MR. CHERNIACK cont'd) . . . . .

Now there can be many discussions and debates but in my experience, which is limited to only 30 years and not much of it involving the farm, and he was most concerned with farm area, is that there is no big problem, that these matters are discussed and debated amongst reasonable people -- and I'm now talking about the 30 years that I spent debating matters of this type with the tax collector -- that there's a reasonableness proposed on their part that there is a proper attitude of attempting to arrive at a fair value because there is always the opportunity to appeal for review and for court adjudication on the value. I don't share with him his fears, and it's based as I say on the experience that I personally had in the practice of law. Thank you, Mr. Speaker.

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

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

MR. SPEAKER: Call in the Members. Order, please. The matter before the House, Bill 6, second reading.

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

YEAS: Messrs. Adam, Barrow, Borowski, Boyce, Burtniak, Cherniack, Doern, Evans, Gonick, Gottfried, Hanuschak, Jenkins, Johannson, Mackling, Malinowski, Miller, Petursson, Schreyer, Shafransky, Turnbull, Uskiw, Uruski and Walding.

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

MR. CLERK: Yeas 23; Nays 19.

MR. SPEAKER: In my opinion the Yeas have it, I declare the motion carried.

The Honourable Member for Gladstone.

MR. FERGUSON: Thank you, Mr. Speaker. I was paired with the Honourable Member for Inkster. Had I voted, I would have voted negative.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I would propose now that we move to Bill No. 5. I understand the Honourable Member for Inkster may well be here this afternoon and I know that there are two members of the House who wish to speak on this bill. I'm wondering if it could be allowed to stand in the name of the Honourable Member for Inkster, that the two members who wish to speak be permitted to speak and then if the Honourable Member for Inkster is not present and no one else wishes to speak then I would propose to close debate.

MR. SPEAKER: (Agreed) The floor is open. The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, the Minister of Finance prefaces most of his remarks regarding all these tax bills with the admonition that they're all based on equity, to provide a more equitable tax system for Manitobans, and we get in relation to the Succession Duty Act remarks such as "nine out of ten of the provinces in Canada are passing similar bills." Nine out of ten -- he used the word similar in his speech just a few minutes ago -- (Interjection) -- gift tax, and with regard to Succession Duty Tax I suspect he's going to make the same comment since he said the Gift Tax Act is a complimentary bill to succession duty.

Well let's say from the outset, Mr. Speaker, that the similarities between the succession tax in Manitoba is similar to that in most of the provinces like the similarity between Abel and Cain. They're similar to the extent that they have the same name; been changed from the Estate Tax Act primarily from the Federal Government to the Succession Tax of the Provincial Government. But what is similar between this and what the Federal Government had before? Well it's exceptional by the differences that exist.

First of all in the former federal estates tax there was unlimited ability to transfer at death between husband and wife, and under the provisions of the Succession Act this is abolished and the limitations are put on it. Now isn't the basic principle here of the husband and wife partnership important to retain and for the government to recognize? We think that it is and that's why we're opposed to such a low limit that the government has imposed on this. We feel that the transfer of money from husband to wife should be unlimited or if not unlimited should at least have a higher limit than what the government is proposing.

I don't oppose the idea that there is equity in seeing that controls are put on the transfer of money from generation to generation. This type of windfall obtaining of funds is not in keeping with good equity in taxation. It should be treated similar to the principle that is

(MR. CRAIK cont'd) . . . . behind income tax and an ability to pay should be established. What is most difficult about this in terms of Manitobans is that it makes it very difficult for the family firm, the family company or the family farm to successfully transfer money from father to son which is the usual case without them becoming basically dishonest. I don't think that any act should have as a part of it, one of its main features that it forces the citizens to become dishonest, because there appears to be little question that there are outs under the Act whereby money can be transferred and the accountants and lawyers of the province are most certainly going to provide their clients with the advice that is going to allow them to in the eyes of the drafter of the legislation would be a dishonest move. Nevertheless it will happen.

I notice the Member for Inkster says there will be very little loss in capital from Manitoba as a result of this legislation, that most of it will be collected. I would seriously question that, Mr. Speaker. Particularly since now all that has to be done is to make provisions in Alberta for the logical transfer of capital and to do it, and why shouldn't a Manitoban do it? It's not an act of disloyalty to his country, to the nation. It's simply a very logical move on his part to make such provisions.

Now when we think of succession duties and \$150,000 I think everybody almost in the Chamber here would say that's a lot of money and why worry about it, because there aren't too many people in this Chamber I would think that are worth \$150,000. As a matter of fact, the Minister of Finance might be a notable exception and I point out in that respect -- I point out in that respect that there is no way you can accuse a man of self interest because he is one of the very few people in the Chamber who's probably going to get caught on Succession duties, but for the rest of us -- (Interjection) -- but as I look around at the rest of us, on this side -- (Interjection) -- who get the shouts across about the rich guys and I start counting, I can't find them, Mr. Speaker, -- (Interjection) -- they must be somewhere else.

As a matter of fact, it's come now from the Attorney-General the Member for Ste. Rose and one other over here -- three places notably where they cranked up this argument about -- oh, it was the Member for Crescentwood -- the rich are going to steal the money from the poor and you have to have the ability to pay. Well what we would like to know after listening to this, is would somebody please define who are the rich, -- (Interjection) -- because we don't know who they are -- (Interjection) -- Now if it's everybody in that top 9.7 percent of taxpayers in Manitoba that make over \$10,000 then everybody in this room is guilty, because they all make over \$10,000. Now if -- what is it, one percent of the population that makes over \$20,000 -- well there's thirteen people over there in the Cabinet that all fall into that category. Maybe they're the rich. So maybe it's like Pogo you know, he's found the enemy and it's not -- there's the rich right there. So don't give us your lectures about the rich, because if you are going to acquaint the opposition with being the RB's of the province, you are on the wrong track. It ain't them, it's over there, sitting on the front benches. They're the boys with the money. As a matter of fact, they've got so much money, Mr. Speaker, that the Minister of Labour has got a guilty conscience. He says he doesn't want his rebate. -- (Interjection) --

So that's the type of logic we get when we probe behind. We can't help but arrive at it when we probe behind the Minister's desire to see that equity exists in taxation and certainly when we start looking for the so-called rich, we have a great deal of difficulty in finding out exactly who they are. Now this bill does not, isn't going to collect any great amount of money. By the Minister's own admission they are projecting a maximum of \$4 million -- an amount of money that won't pay for half the interest charges on the mistakes on Lake Winnipeg -- won't even pay for half the interest charges on the money being wasted on Lake Winnipeg. And we get, well that kind of reasoning -- (Interjection) -- you know I've tried almost every kind of reasoning there is and it's the only way I can get down to attempting to -- (Interjection) -- compare totals. Well CFI you know, I suppose CFI is going to be around for a long time and you're going to have to answer for that too you know. You know Mr. Blakeney in Saskatchewan at least has the courage of his convictions and that argument will come to bear yet too -- (Interjection) -- yeah. Well, Mr. Speaker, let me get back to Bill No. 5 the Succession Duty Act. -- (Interjection) -- The principle of vertical equity that is desired here, and which is commented on by Mr. London in his analysis of this -- and those of us in the opposition have to use references such as this, because we are not tax experts. He says that the principle of vertical equity in taxation is desired and is a legitimate goal and I think most of us agree. But he points out that vertical equity so called, which taxes on the ability to pay principle is lost in

(MR. CRAIK cont'd) . . . . this bill, because on the passage of money from an estate, the rate of taxation on the estate is based on the value of the estate and not on the rate of taxation to the individual receiving the money. Therefore if you and I, Mr. Speaker, are both the beneficiaries of an estate, one of us gets \$3,000 and you get \$300,000. I pay just as much taxation as you do. My \$3,000 takes \$1,500 in tax; your \$300,000 you lose \$150,000, but you still end up -- you get \$150,000 or ten times as much money, one hundred times as much money as I do and I get \$1,500.00. So there is no equity. There is no equity. So Mr. Speaker, you are satisfied but I am not, if I suddenly become a victim of an inequitable tax law. And this, although the Minister says is aimed at equity in taxation, actually defeats itself in some circumstances.

Now . . .

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: . . . the honourable member agree with Mr. London that the principle of Succession Duty Taxation is valid.

MR. CRAIK: I'm sorry I didn't hear all of that.

MR. CHERNIACK: I'm asking whether the Honourable Member agrees with the person he quotes that the taxation on the transference of wealth is a valid tax?

MR. CRAIK: Yes, I agree with that, Mr. Speaker, I said that in my opening remarks, if I didn't make it clear. I don't disagree with the principle of taxation on succession of wealth. I don't support the principle that inherited or second generation wealth is a particularly good principle. But, Sir, what I am trying to get at, are the inequities in here, and the limitation on the transfers between husband and wife is too strict. It is too low and should be higher. Now I don't think it amounts to a significant amount of money in the total picture.

Now the other -- \$500,000 is a reasonable limit that I would go . . . Now I realize that the province of Ontario is removing that and going higher and I realize also that there are very few people -- but at \$150,000 if you get someone who is an employee or a professional person who cannot transfer a business on -- he may well be a young person who has a family that is still growing up and has a very heavy amount of life insurance -- and \$150,000 estate transferred to his wife, if she happens to be at age 35 or of that nature, and she has no profession and he was an employee where he could not transfer property or an income based on property or a business -- and she wants to take that money, she has to buy a place to live, she has to plan her estate to pay for the children's education through school, she has no profession to fall back on herself -- you are going to be impinging on a specific case where that party, unless they make a particularly good investment of their \$150,000 may well end up at sometime in life calling on the state for support. Now I don't think it's inadequate at all for a person to be able to transfer or make provision in his life insurance in the event of fatality to have that there and be self sufficient, but the government wants to get right down so close that they will not allow a man to make that provision for his wife, if he so desires. I don't think that this is equity and I think that with the limit raised that you could get away from this problem. So when we think of \$150,000 you think of an awful lot of money, and who's got it? Well very few people have it, but in the case of death of a young person who has a very heavy family responsibility, and who has taken out very cheap term insurance through an employee or something like that, he could easily get up to that limit -- and why should the government take his money because she is going to have to plan that and to spin it out over the lifetime of herself and the children.

Now the other most important feature in here that was not in the Federal legislation before and is not in the other provincial legislation that is supposed to be similar is the restriction on giving to charity. Under the provisions here, organizations such as the Winnipeg Foundation for instance that has a long history of charitable, social activities, in the Province of Manitoba and the greatest of respect in all sectors of the community, is effectively restricted by this. And the question, Mr. Speaker, is why? Why should it be done at death, but it's allowed under the Gift Tax Act to make those donations while living. Well, what's the difference, why can't a person make an unlimited donation to the Winnipeg Foundation if he feels that that . . .

MR. SPEAKER: Order, please. The Honourable gentleman will have an opportunity to continue this afternoon. The hour being 12:30, I am leaving the Chair to return at 2:30.