

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Thursday, April 27, 1972

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Before we proceed this evening can I draw the attention of the members to the gallery on my right where we have 25 members of the Cubs, the 82nd Tiger Cubs under the direction of Mrs. K. Waddington. These cubs are from the constituency of Wolseley. On behalf of all the Honourable Members I bid you welcome.

COMMITTEE OF THE WHOLE HOUSE - cont'd

MR. CHAIRMAN: Section 4 subsection (3) (14). The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, before we adjourned I indicated that I wanted to wait with an answer to a question I was asked and the reason was I wanted to know the extent to which we had the jurisdiction under the Act to deal with overflights because at that time as I recall it, not that long ago, I said that if they fly over it would be rather difficult to be able to get hold of them to tax them, and that was a practical answer. Well unless we shoot them down or build a fence, try building a fence, but I thought I should make sure and I did ascertain that, as I suspected, not only was my answer the practical one but indeed the Act itself provides that we tax those companies which carry on business in Manitoba. So if there is an overflight by a carrier that does not do business in Manitoba then we do not have the right nor do we, under the Act, do we indeed tax them. But they do apply to those carriers that do do business in Manitoba, which means that if Air Canada has a flight which does not stop in Manitoba it is still taxable for the mileage that it covers over Manitoba because indeed it does do business in Manitoba. That then by definition includes any of the other firms that do business here. The same would apply to charters that emanate from Manitoba. It's a company which overflies then that isn't covered; if there's a flight from or to Manitoba then that is covered.

I might say that that therefore is consistent with the fact that we are now and have been all along taxing aircraft of those companies that do operate within Manitoba and carry on their business in Manitoba such as the Transair flights that do not cross the border, such as those of Wardair that are within Manitoba, Lambair, whatever company that does have flights within Manitoba is being taxed and has been taxed all along. So that I think that that answers the question that I wanted to delay.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I think I have the explanation now that an overflight by a company that does not have an office or is as you say doing business here is not taxed, but that an overflight by Air Canada or CP Air or any other of the companies that normally have business arrangements within the province would now be taxed? Now the Minister made some explanation about the fact that Transair were already paying taxes on their flights within Manitoba.

Is it not so that under the previous Act, that under the previous Act an aircraft that was used domestically and interprovincially was clear of tax, that it did not pay the tax, but that the change in the Act would now be that it would have to pay a tax for the amount of mileage within the province. What was happening before was that aircraft that were used for both purposes, a single unit, was exempt from the sales tax as I understood it. So that Transair's operations before most of their aircraft were going to Dryden or to North Bay or so on, they could be classed as an aircraft used for both purposes and therefore would be completely exempt. Now is that not the proper interpretation?

MR. CHAIRMAN: The Minister of Finance.

MR. CHERNIACK: As I understand it that they are liable for taxation for those scheduled flights that are within the Province of Manitoba but a schedule which takes them out of the Province of Manitoba is today exempt and would not be under the proposed billing where they would then be liable for the mileage flown in and over Manitoba itself. So if it's a flight to Dryden then the extent to which the flight is in Manitoba would be taxable on that mileage proportional basis.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Well, I think we are on the same wave length here, Mr. Chairman. I think that a single unit used for both purposes prior to this proposal was completely exempt. --(Interjection)-- Well this is my understanding. Is my understanding incorrect of the Act as it now exists?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: My understanding, Mr. Chairman, is that to the extent that that aircraft is used for flights within Manitoba, starting in Manitoba, ending in Manitoba, it was taxable to the extent that it was so used. Now it may be that the Member for Brandon West has information that I don't have because he is now speaking as if he has been informed in some way and I don't know just what his information is.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Well, let me leave that area just for the moment, Mr. Chairman, and proceed to another very interesting area that's raised by the statement of the Minister that overflights in the air space of Manitoba will now be taxable. Is the Minister suggesting that the Province of Manitoba has control over the air space above Manitoba by law?

MR. CHERNIACK: Mr. Chairman, I am suggesting we have the legal right to tax airplanes of companies that carry on business in Manitoba and we can tax them various ways, but the proposed way is in relation to the mileage travelled over Manitoba as compared to total mileage.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, is it not unconstitutional for a province to place their restraint on inter-provincial trade, which in effect this tax would be, and under The British North America Act is it not unconstitutional for the province to claim the right on trade passing over through the air space of Manitoba?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I do not pose as a constitutional lawyer but I believe that it is not outside of the jurisdiction of the province and I propose that when this bill is enacted and becomes law that we will tax. Now if it is found that there's an unconstitutional aspect then that matter will arise but I do not believe it applies in this case and I think we do have the right.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Well, Mr. Chairman, it's my understanding - and I'm not claiming to be a lawyer on the constitutionality of the case - but it's my understanding that the rights of the air space belongs to the owners of property in Manitoba to the extent that they can make use of that air space, and not to the province in any way. So I would think that it is really proceeding rather a great distance in law for the province to claim that they have complete rights over air space in Manitoba.

MR. CHERNIACK: Mr. Chairman, I made it clear that we are taxing aircraft which belongs to companies that do business in Manitoba. The manner in which we do the calculation is a different matter altogether. It is the fact that they are doing business in Manitoba is the justification for taxing them. The way we are taxing them is what I think is a very fair way and it may be that the Honourable Member for Brandon West if he accepts the principle that they should be taxed has a different formula to propose, in which case of course it would be interesting to hear it.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, on a point of clarification. Can the Minister advise us what constitutes a business arrangement in the Province of Manitoba, in the sense that he is using it. In other words, for example, there are no landing or passenger rights available here at Winnipeg International Airport to airlines like SAS, Alitalia or Pan Am, but at one time or another each if not all three of those airlines have maintained sales offices in Winnipeg, and the question arises in my mind as to whether the maintenance of a sales office for an airline of that type that cannot take on or disembark passengers in Winnipeg constitutes a business arrangement under the meaning as it's applied in the Minister's argument.

MR. CHERNIACK: Well, Mr. Chairman, now we're getting into a sort of a nit-picking discussion. I would say that if they have a sales office here they are carrying on business in connection with matters related other than the flight of the airlines. My own guess, and I'm putting it on that basis, is that they would not be taxed but I would leave it to lawyers to work that out because I really think it's a very very remote possibility.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I wonder if the Minister of Finance can indicate what other jurisdiction taxes Air Canada in the way that it's being suggested by this section?

MR. CHERNIACK: Well I've already mentioned that more than once, Mr. Chairman.

(MR. CHERNIACK cont'd) I'm informed that Quebec and B. C. do have a similar tax.

MR. SPIVAK: You've indicated that Quebec taxes Air Canada on the same basis?

MR. CHERNIACK: Mr. Chairman, I'm informed that the legislation in B. C. and this proposed legislation is quite similar.

MR. SPIVAK? . . . Quebec?

MR. CHERNIACK: Mr. Chairman, I answered a direct question. The question was directed to Quebec and I answered that specific question.

MR. SPIVAK: No, no, you said B. C.,

MR. CHERNIACK: Did I say B. C. ? Well then I apologize. The question was Quebec and I'm informed that the legislation is similar.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: May I ask the Minister of Finance, is he suggesting that Air Canada will be taxed only on those flights that have disembarking and commencement in Manitoba. They will not be taxed for the overflights of flights that go say from Toronto to Vancouver, Toronto to Calgary, Toronto to Edmonton or that overflight is to be included in the over-all mileage to be calculated?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: I thought I made it clear, Mr. Chairman. It's all the flights of Air Canada which pass over Manitoba whether they land in Manitoba or don't land in Manitoba.

MR. SPIVAK: Mr. Chairman, I again wonder why, other than the need for money, the government would attempt to try and put this kind of situation for Manitoba and develop this kind of a position when we are, I think, in a very real way trying to make Winnipeg an international air centre.

MR. CHERNIACK: Mr. Chairman, the honourable member raises a question which deserves an answer. I reported on more than one occasion that we've been studying various sources of revenue for the province; we've been studying how revenue is raised in other provinces, when we see what appears to be a justifiable method, we studied it even more carefully and we came to the conclusion that in the case of the taxation of aircraft, which I admit is not a substantial sum of money by way of revenue nor is it a substantial cost to the carrier, that it's justified that we should tax aircraft in this way. I admit it's a limited way but it is related only to the extent and breadth of the Province of Manitoba.

I might indicate that in our consideration we were faced with the knowledge that the previous government enacted legislation as a result of which we tax motor carriers, trucks, buses, on the same basis; that is that trucks that carry goods into, out of, and through Manitoba are being taxed under present legislation enacted by the previous government, that they are taxed on the basis of use, mileage, that buses similarly that carry passengers are taxed and I'm informed that the reason that railway rolling stock is not taxed - now other railway goods are being taxed - but rolling stock is not taxed because a previous Conservative Government - the first one in Canada actually - made a deal with the Canadian Pacific Railways as a result of which they are exempt from taxation in connection with rolling stock. When Prime Minister Macdonald did that apparently he made it rather difficult for Manitoba to tax rolling stock of the CPR. It may be a matter of interest that limitation does not extend to the postage stamp province, the original Manitoba boundaries, but does extend outside of that and therefore I gather that the previous government when they brought in the Revenue Tax Act did not feel it proper to tax let us say the Canadian National Railways knowing that the Canadian Pacific Railways were not taxable. But we do tax trucks and buses now.

The relationship or proportion of passenger travel between railways and aircraft has changed remarkably and to the extent that passengers on aircraft will be in some way involved in paying that portion of tax which as I say is minimal, I would suggest that people who fly in aircraft can well afford to be involved in that kind of very very low taxation. I would say also that in our consideration of the impact of this taxation being satisfied that indeed it is not an onerous tax at all, was conscious of the fact that the absence of a tax did not seem to do anything to attract aircraft companies, carriers, to establish bases in Manitoba, to extend the use of the International Airport. The former Minister of Commerce from the previous government apparently tried very hard to try and bring in other air flights into Manitoba. The fact that there was no such tax didn't seem to make any difference. He accomplished nothing in that respect. Indeed, I think it was during his time that Air Canada decided to make the move, make the move from where to where? - from Winnipeg to Montreal - and there they do have a

(MR. CHERNIACK cont'd) tax. I don't know if they had it then but certainly the absence of the tax seems to have made no difference and I believe that it wouldn't make a difference because I believe that the tax as imposed on the carriers is an infinitesimal part of the total operation of the aircraft companies. These are the reasons that I give to the Leader of the Opposition. No doubt he will accept them as being valid.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, I would like to make it very clear that the opposition is not nit-picking at this stage of the bill but we recognize a difficulty here with, I think the very honest and sincere attempts on behalf of all people in Manitoba to develop our International Airport just as such, as an International Airport. I find the Minister's suggestion that Quebec or B. C. - and it's perhaps noteworthy that those two provinces are perhaps in the best of all possible position to in fact, impose this kind of a tax. B. C. and Quebec they're disembarking points or flights leaving for the Orient, for the East out of B. C. or flights coming in from Europe land in what other airport other than Montreal. Certainly the problems that the B. C. airport or the Quebec airports have are not the same as the problems that we have in the midst of the prairies. Our International Airport can be overflown much more readily than these other two provinces that the Minister chooses to use in my judgment very, very poorly as an example. It shows, Mr. Chairman, a lack of sensitivity on the part of the Minister and a lack of clear thinking on the part of the Minister about just how the tax imposition, no matter how miniscule it may be in the minds of the Minister, but it adds a further burden, a further cost and expense of aircraft making use of and encouraging that use of our International Airport.

Firstly, Mr. Chairman, the suggestion that the tax is of minimal consequences, that in itself leaves a great deal of further explanation. We have had from the Honourable Member from Brandon West a considerable amount of information as to the fact that more and more leasing is done with aircraft, that lease options, rentals, what have you are involved. In that case the five percent tax doesn't remain a five percent tax, it can move up; for instance, if you are talking about a five year lease, at a ten percent operative interest rate --(Interjection) oh I'm sorry this is on another subject matter, but the same - I'll deal with that a little later on. The same principle is involved, that your five percent seems to grow and we are a little uncomfortable on this side as to the extent that it can grow. And we are just a little concerned about how little concern the Minister is expressing about the possible effect that this may have, indeed, will have on the operation of our International Airport.

MR. CHAIRMAN: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I would like to add a few words after listening to some of the bleatings of the opposition. It seems, Mr. Speaker, every time that we bring in some kind of a measure into this House it affects the ultra rich - in this case, the CP and Air Canada and Transair - that we have the members on the other side getting up, shedding their usual tears with great generosity.

MR. CHAIRMAN: Order please. I wonder if we could tone down the hum here. It's very difficult for the Chair to hear what's going on.

MR. BOROWSKI: Mr. Speaker, we have cut the taxes, or we are returning to the public \$34 million this year and we are introducing some modest measures to recover some of the money, some of the money to pay for the \$34 million that will be going out in refunds to the public. In a very small measure. In this case here I understand it's about \$300,000, and the opposition has been opposed to every measure we have brought forth in this House, they're against the booze tax, they're against the cigarette tax, they're against the tax on production machinery, they're against mineral tax, they're against corporate tax, they're against income tax, sales tax, they are against any tax, except when they are in office. It didn't bother them at all when they slapped a \$50 million premium tax on the poorest of the poor in this province, when they charged them \$204.00 a year on premiums, on the absolute poor, poverty stricken people of this province.

We are bringing in a very small tax bill here, and I must tell you very frankly that if I was the Minister, it would be bigger. I believe like the Member for Inkster that if you are going to make a tax shift, or as the Opposition calls it, a tax shaft, if you are going to give \$34 million back to the public you should recover it from some place else; you know, it's at least that much because if you look at the record of any government, any government across Canada, there is generally a tax increase every second year, of some significance.

I think the record will show we haven't had such an increase, we have had tax shifts, and

(MR. BOROWSKI cont'd) on this shift we are losing \$14.6 million and we have brought in what we think are the least painful ways of raising a few million dollars to pay for this tax shift. I would think, I would think that the opposition would have the capacity to feel some compassion for the people that are going to be helped by that tax shift and instead of bleating about this miniscule increase that they would be supporting us.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I find the discussion very interesting. For one thing, a year ago I was in British Columbia when the B. C. House met and they had a bill under discussion and I think it was set aside for study in connection with this very principle of let's say overhanging buildings or corridors of the type that we have between Eatons and the Somerset Building. I'm just wondering what is the case today in the City of Winnipeg with these. Who pays the taxes on them? --(Interjection)-- The City taxes it? Because I think a principle is involved here whether we're proceeding along that principle or not, because as was indicated here on this side that the property owner naturally owned the space above it. But to what extent? And when you are going to impose taxes on air flights, is there any limit as to the height that the planes have to fly? I think I'd like to know just what the principle is that we are going to use in Manitoba and to what extent.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: Mr. Chairman, we're happy to have the happy intervention of the Member for Thompson. You know I would have thought that the Member for Thompson would have been the last person in the world that would have got up and objected to the comments and the protestations that have been made from this side of the House against this tax. Apparently, apparently the honourable member has not recognized this significance of what this means to the area of the country that he represents -- I should say that he represents because he doesn't represent it any longer, he lives in my constituency -- apparently, apparently -- apparently, Mr. Chairman, he's completely forgotten about the problems in the north and one of the biggest problems that faces the northern part of this country is air freight and transportation and communications. The net effect of this tax is to increase transportation costs in the northern part of this province. No question about that, Sir. And let it be placed clearly on the record that the Member for Thompson voted for that. Now that is an indication of the kind of thinking that goes on in the minds of honourable gentlemen opposite.

The Minister of Finance when he was replying to the second reading of this bill said I see no disagreement in principle with this bill. Well he's beginning to find that there's a great deal of disagreement in principle. In the first instance, we voted against it and if that doesn't signify a disagreement in principle, I don't know what does. Secondly, two instances and we've only begun to go down this bill and you couldn't discuss them on second reading because it's that kind of a bill. It's an amendment to an existing bill. It's pretty difficult to discuss a principle of a bill except to oppose an increase in taxes. That we did. That we did with the several speeches that were made on this side of the House. --(Interjection)-- Now then, and here is the First Minister again interjecting as is his usual custom when he should remain silent in his seat, and if he wants to speak he can rise when I'm through and have the floor. He's got that opportunity and I wish he'd leave me the opportunity to speak when I am on my feet. That is a courtesy that he never seems to extend to anybody on this side of the House. The Minister of Finance suggested that the Province of Manitoba had the control over the air in this province. I wonder -- maybe there's a few questions that we could ask. If there's a western wind blowing how far do we control the air over the province after it goes into the Province of Ontario? I wonder also if since he suggests that the Province of Manitoba has control over the air of this province why not go whole hog and tax the air that the passengers breathe when they fly in these planes. I think there would be a greater source of revenue in that kind of taxation than what he is imposing here. Also, Sir, he suggests that what we are doing over here is nit-picking. Well all we're doing, Sir, is taking the words of the government, socialistic words, drawing them to their logical conclusions, and it sounds illogical to them because socialism in the first place is illogical.

Sir, if the Minister has done one thing tonight, he's illustrated that they have not thought this bill through. They have not considered the consequences of their actions. They have not considered anything about this bill. Now they're imposing a tax that's going to be a burden on the very people, the very people that they purport to want to help in this country. Sir, it's a clear indication of the kind of thinking that goes on in the minds of honourable gentlemen opposite.

A MEMBER: Hear, hear.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNACK: Mr. Chairman, if I could only tax some of the air selectively, I could at least make sure that we can cut down some of the time that is taken up in this room.

Mr. Chairman, I don't know, I really miss the Honourable Member for Morris this afternoon and the Member for Lakeside because their presence is so refreshing to us all and therefore I feel it necessary to repeat to them what apparently their colleagues didn't tell them, and that is that there are aircraft operating today in Manitoba and in the north which are being taxed and the aircraft that is being taxed is the purchase of the aircraft or the lease whichever way the carrier wishes to operate the aircraft, whether it be by purchase or by rent. Planes that fly now - Winnipeg, The Pas, Flin Flon, Lynn Lake, Thompson, Churchill back, pay the tax which the government that preceded us brought into legislation. That tax is payable for Manitoba flights of Manitoba based companies. Let's get that straight. And that tax was imposed by a government which presumably felt it had the right so to do because in fact not only did they bring it in but they enforced it and the present government is doing it.

So if the Member for Morris has somehow got the impression that the air is being taxed then neither has he listened for the last half hour nor of course was he told what was said in his absence this afternoon. The formula by which the tax is proposed is actually a matter which appears in Section 4 (6) and we haven't even come to that yet. The principle of taxation is the fact that we are taxing a consumption, consumption of aircraft, not consumption of flights, not consumption of air space or of air. The aircraft is being consumed in Manitoba to that extent, just like the trucker that starts in Toronto and goes to Regina is consuming part of that truck in Manitoba, and the previous government and the present government are taxing that trucker for the consumption of that truck in Manitoba, and I think it is time that members opposite realize that. And we are not taxing fares and we are not taxing the ongoing operations. This tax is limited only to the investment in the aircraft itself and in the repairs to it. It is a one time tax on each of such purchases, or leases, which to me is a purchase.

The Honourable Leader of the Opposition I know would like to understand, I know he'd like to understand, that a rental is a form of usage which is an alternative to a purchase. The difference as I pointed out to him, and I'm sure he knows this, in many cases are manners in which tax have advised people that they may have a greater reduction in taxation by leasing. And he may be shaking his head so I have to tell him - I have to tell him, since he's shaking his head that in most cases the sales that I know of are being made on the basis of tax savings.

Now, if you purchase an aircraft - and I told him that this afternoon but I'm telling it now to the Honourable Member for Morris because he is listening and it is new to him because he wasn't here - if you purchase an aircraft then surely you have an investment in it which is worth money. Money's use has a continuing use. If you borrow it, you pay interest. If you lend it, you get interest. And whether you buy an aircraft for a million dollars or you rent it and spread that rental over a period of time certainly the cost of that money is included either on the purchase or in the rental. So I do not discriminate in my mind between lease or purchase. So I was sidetracked for a minute, but let's get back to this -- I don't know I suppose it's a nice way of talking about wind blowing and aircraft I suppose wandering off some scheduled path. The important thing is it's a consumption tax for consumption within Manitoba. Just like the truckers, just like the buses, other forms of carriers which convey people and goods in the province, and the formula is the one that relates to the mileage flown within Manitoba as compared to total mileage flown.

May I also say that it is expected that in the negotiation for the payment of tax a formula will be devised whereby it may well be that a taxpayer under these circumstances would be able to pay the tax as the aircraft is being used, because year by year their usage in Manitoba and over Manitoba may differ compared to the total usage of the plane. That's something that can be worked out on a formula basis. I foresee no problem. I have heard of no problem. I have not heard from anybody who has raised a problem in that respect, but that is the formula. The principle, I think, is very clear and it relates to the matters I've already mentioned. The usage and consumption of that aircraft within Manitoba.

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

MR. GRAHAM: Mr. Speaker, I listened to the Minister with a great deal of interest on his definition of a consumption tax, or consumer tax, and he repeated on several occasions

(MR. GRAHAM cont'd) the similarity between the truckers and the aircraft, and it brings to mind, Sir, the fact that while we do tax a trucking association or truckers as consumers, in doing so we also provide them with certain services, and we spend approximately \$50 million a year in building highways to provide for those services. I would just wonder how much the Minister is planning on spending in paving the airways in this province to provide the consumers services for the aircraft?

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I'm going back to the clauses under discussion 3 (14) and (15), the clauses which are attempting to determine the effective date of purchase or of lease of an aircraft. But before doing that, I want to again query the Minister on this question of the exemption of aircraft used in Manitoba and inter-provincially at the present time.

The Act as I read it now, lists exempt tangible personal property, Clause (r). Aircraft normally engaged in foreign or inter-provincial trade and repair parts therefore are exempt, now, under the Act. So, Mr. Chairman, this doesn't say that there is more mileage flown inter-provincially than in the province, it merely says that normally this airplane does engage in inter-provincial flying activity. I'm suggesting that a Boeing 737 for instance might do a trip to Thompson and Lynn Lake, and then come back to Winnipeg and go to Thunder Bay and Toronto, once or twice or three times a week and would qualify for complete exemption under this Act as exempt. I think we should first make this clear because I'm saying that this is my understanding and I took from the Minister that he had another understanding, that this aircraft was in some way partially taxed under the present law.

MR. CHERNIACK: Mr. Chairman, let me make this clear, that was my understanding. Now I invited the Honourable Member for Brandon West if he has other information by all means tell us, but let me tell him this. I would be happy to hear that there is some way in which I can bring in more revenue to the Province of Manitoba because of a different interpretation which he suggests should be done in relation to present taxation, but let me go further and say, that if indeed the point he makes is correct, that it's unfair to Lambair, or whatever companies - and I'm not familiar with the companies that operate within Manitoba - who are paying the tax now, and is unfair to them that their competitors should not be paying tax, and therefore if by removing this exemption in ours, we are able then to make a greater form of equality between taxpayers in Manitoba and taxpayers who have not been taxed for similar kinds of operation then by all means we should get endorsement from the Member for Brandon West, and his colleagues, that we can in this way create a greater equity between taxpayers within the Province.

I want to deal only briefly with what the Member for Birtle-Russell said to point out to him that the tax we're talking about is a tax on the purchase of the vehicle, and the trucker who travels through Manitoba pays a portion of the tax based on mileage; in addition to which he pays gasoline tax, the trucker when he himself stops and spends a night in a motel or has meals or whatever, pays taxes in this Province. It's a consumption tax; and I want him to understand that it's not related to roads, it's related to consumption just as the cigarette he is smoking right now.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I just wanted to say a few words with reference to remarks that have been made by the Honourable for Morris and the Honourable Member for Brandon.

As I understand it, the Honourable Member for Morris, was very concerned with the fact that the Member from Thompson had somehow showed himself to be not representative of his constituents by agreeing to a tax which in effect would tax northern transportation, at least that's what I got from his remarks. Mr. Chairman, I may not be correct, I'm looking over at the Minister of Finance, the amount that is anticipated that would be raised by this tax is \$300,000 or approximately that amount, that it would apply to East-West flights, as well as North-South flights, and that, therefore, this is the total amount which even if it could all be passed on to Manitobans, would work out to roughly 30 cents per person in Manitoba. --(Interjection)-- Yeah, but could be more. The Member from Thompson has indicated that the proposal which he was dealing with, dealt with giving his constituents a minimum rebate on their education taxes of approximately \$50, and a maximum rebate of \$140 and that that's the basis upon which he could justify the tax.

Mr. Speaker, that's not really intrigued me about the Member for Morris' remarks, because I sat here through the entire budget debate, and through the debate on taxation, and

(MR. GREEN cont'd) indicated that everybody in the House had agreed that we were trying to relieve the property taxpayer, that come from both sides of the House; that this party has had certain suggestions and implementations with regard to that. In once case we were prepared to increase the tax on incomes when we dealt with the premiums, and we were prepared to make the measures that have now been indicated by the Minister of Finance with regards to the present tax rebate. And I also indicated, Mr. Chairman, that one single suggestion had come forward from members of the Opposition as to the kind of tax that they would impose in order to relieve real property taxes if they were in power.

Mr. Chairman, and I'm going to say this with a smile on my face, the Honourable Member from Morris said, as I understood him and I heard his words, and tried to take them down, made the first Progressive Conservative suggestion for a tax tonight. He said "why not tax the air people breathe?" Mr. Speaker, that is the first suggestion that has come from members of the Opposition as to the kind of tax they would impose if they were in government, and I would say, Mr. Speaker, that is absolutely, Mr. Speaker, the first, the first tax that they dreamed up, "why not tax the air people breathe?" The Member from Morris can take this because I know that he did the same kind of thing with the Honourable the Attorney-General, and those were his words, "if this is good why not tax the air people breathe?" Well, Mr. Speaker, I hope that the Minister of Finance, having heard the suggestion from the Member for Morris, will immediately reject it, and if the people want to tax the air people breathe they will have to elect a Progressive Conservative administration before they will do so.

Mr. Chairman, the other remarks that I wanted to deal with had to do with the law, because the Member for Brandon West suggested that somehow this bill is unconstitutional or maybe it's not within the jurisdiction of the province because the land above people's property belongs to the people themselves - the air, excuse me, I accept that - the air above people's property belongs to the people themselves. That may be, it may be a correct legal interpretation, I'm not saying that it's not. I would just pose these two questions to the Member for Brandon. If you can tax the land that people own, which the province has the jurisdiction to do, and the air is an extension of the land, then that, too, would be within provincial jurisdiction, I'm not suggesting that we do that. And if that is another taxation suggestion from the members of the Conservative Party, then let it be their suggestion, I'm not accepting it. But I think if you can tax the land that a person owns, then you can tax the air above the land.

Secondly, if the person owns all the air that extends from his land boundaries, then I would like to know from the Member for Brandon whether he knows of anybody who has successfully sued Air Canada, or CPA, or any other aircraft for trespass on his property?

MR. CHERNIACK: Mr. Chairman, on a point of order. Isn't it time after forty-five minutes for us to get back to 3 (14)?

MR. CHAIRMAN: I think the point is well taken, I've allowed a certain amount of latitude, however, I would again refer the members to Rule 64, Subsection 2, "Speeches in the Committee of the Whole House must be strictly relevant to the item or clause under discussion". The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, I want to be very careful of taking acknowledgment of your admonition and I will make my remarks specifically to the clause under discussion. And what we have really found in the last two speeches by the honourable members opposite is kind of a re-enforcement of the philosophy of the socialists remains constant, in other words, if one or two people are being penalized and being penalized unfairly, then if we penalize everyone, that makes it fair for all.

The suggestion by the Minister that perhaps - and really I have to chastise the Minister here, for firstly not coming into the House better prepared, for suggesting that the Member for Brandon West has to, or who does his homework fairly well, should know, or indeed can know, all of the facts, and we're dealing particularly on this question which he still has not received an answer from the Department of Finance, the Minister of Finance, and it has a pretty strong bearing on the speech that the Minister has just made, who left the implication that the tax was there, has been there for sometime, and it has been imposed upon air carriers and all air carriers here in Manitoba.

The fact of the matter suggested by the Member for Brandon West is that certainly the major regional air carrier that we have in Manitoba, Transair, in all likelihood, does not have this tax imposed on what? - 80 percent, 90 percent of its aircraft? I don't know but I would hope that the Minister of Finance could tell me and not tell us to have that information at our finger tips. We maybe can make a phone call, but we don't have a couple of hundred staff to do

(MR. ENNS cont'd) the homework for us.

Now if this is the case, if this is the case, then, Mr. Chairman, this is the whole crux of the matter, as we read the law, as we read the Act, as quite properly the Minister suggests, we made sometime ago, then certainly the major portion of for instance, Transair fleet is tax exempt. Certainly their million dollar Jets are tax exempt, the very Jet, Sir, that carried the passengers up to Thompson, the very passengers for whom the Honourable Member for Thompson from time to time likes to make pleas for and cases for lower air fares, and he will get up in a moment and vote for this bill. Why? Because either the Minister is wilfully - and I really don't want to say that, because --(Interjection)-- well I don't understand it, I can't understand the Minister's reluctance, I can't understand the Minister's reluctance to answer the Member for Brandon West's question. I can't understand his reluctance to send a note upstairs, or somewhere, or during the supper hour to have inquired of his department is the position of the Member for Brandon West a correct one. Because if that is the case then you are imposing a new tax, a tax that hasn't been in the province before, a tax that has the implications that we suggested on this side, no matter to what degree, but it is a new tax; and it is entirely wrong and misleading for the Minister of Finance to stand up in this Chamber tonight and suggest that there has been no new imposition of taxation, that the air carriers, particularly I'm referring to the principal regional air carrier that we have in this Province, has been paying this tax all along.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I want to reply to the point made by the Member for Lakeside but I'm reading 3 (14) and I see that it's a transitional section and it's dealing with whether or not a purchase is to be considered to be made on or after May 1st under certain circumstances. Having said that, and having read the subsection which is before us, I would like to respond to what he said, but how long is this going to go on, Mr. Chairman? I mean how long are we going to discuss that extraneous matter which is extraneous, I say only extraneous to this subsection, but let me get now, if I may, to respond to what he says, and then I want to ask you how much longer we are going to have this kind of a general conversation, and under what section, because really I think that it's 4 (6) that involves the usage and actually the repeal of Clause (r) is in section 6 on page 3. I just want to know how are we conducting ourselves. Are we going to hop around or are we dealing with this clause by clause? Nevertheless I do want to respond.

MR. SPIVAK: Mr. Chairman, I wonder if the Minister of Finance is in a position to tell us whether Transair own their Boeing's or lease their Boeing's?

MR. CHERNIACK: I am not in a position to tell the honourable member that and I don't see in what way this is germane. However, I'm prepared to find out to the extent that I can and inform the House, I guess, tomorrow. But as far as I'm concerned, we are talking here about a taxation just like the Cadillac that somebody rented in 1967 when the Provincial Government of the day brought in revenue taxation on cars in 1968, whether it was rented or purchased, it was necessary to have this kind of subsection, I'm informed, in the same form, that is 3 (14), in order to clarify the commencement date for taxation. So that from this standpoint it is not important, from this standpoint it is exactly like that Cadillac or that Chevy taxation imposed by the previous government. But if he wants an answer to that question, I would, having been asked that earlier at the question period, I would have taken it as notice. I'll take it as notice now.

MR. CHAIRMAN: Section 4 3 (14) -- The Honourable Member for Brandon West.

MR. MCGILL: There is very little time left tonight. I do have some questions that relate to the establishment of the date of purchase because I have difficulty in determining its relevance to the overfly situation, and I want to develop that. But I did want to make reference to the question posed by the Member for Inkster. I really feel that it isn't up to our side here to help that side in the question of constitutionality or air space rights, it's an interesting situation where we're asking questions . . .

MR. CHAIRMAN: Order, please. I think I have been very generous in the time that I've allowed in this debate. I find that debate is getting repetitious, it's not to the section under discussion, I would caution the Honourable Member for Brandon West to refer specifically to Section 4, subsection 3 (14). The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, an aircraft that is flying from - a leased airplane, leased within the terms of these date establishments here, flying between Toronto and Vancouver, a

(MR. MCGILL cont'd) tax would be payable on the total miles flown over Manitoba, as compared with the total miles flown by that unit in a year. Suppose it flies a million miles in a year and 10,000 miles over Manitoba, is the formula then to be applied on the purchase payment of that aircraft for the year based upon the percentage of miles flown in Manitoba over the total mileage flown? Supposing it's a \$100,000 payment, it flies one-tenth of its miles in Manitoba so it's \$10,000 and the tax is five percent on that. Is that the formula that you would use?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I'll answer that but we're now back -- the honourable member raised three points involving three sections. He started talking about a lease, he ended up talking about a purchase - purchase comes under 14, lease comes under 15 - and indeed the formula referred to is 4 (6) -- (Interjection) -- All right, Mr. Chairman. Whether it's a lease or a purchase, it will be a five percent tax on the amount payable for the aircraft. If it's a purchase, let's say a million dollar purchase, the tax is \$50,000.00. In a year, let's say this year commencing May 1st, there has been a certain proportion, and his suggestion might be one-tenth, then it would be one-tenth of the portion of the tax attributable, as I see it, to the lifespan of that plane if it is a purchased plane, which could be varied from year to year based on the actual flights flown. I think the Member for Brandon West is now clear that this is not an annual tax that would be brought back again and again at five percent every year. I think he's clear on that - it's five percent once and once only on the purchase. The manner of calculation is one that we could discuss under 6 (4). If it were a leased one then it's much more simple. If in one year the lease provided for payment of let's say \$100,000, the tax is therefore \$5,000, if in that year it is found that one-tenth of the flying miles are in Manitoba then indeed it would be \$500 payable for the use of that plane, the rental of that plane, as a tax for that year. Now is that not clear. I'll try again but it seems to me . . .

A MEMBER: That's understood.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, a final question. If the aircraft were bought and paid for completely in 1969 and now flies between Toronto and Vancouver, is there any sales tax payable?

MR. CHERNIACK: No, there is no tax payable under that circumstance.

MR. MCGILL: Mr. Chairman, then my question naturally would be: would this indicate that the dispatcher at Toronto would pick out the old airplanes to fly over Manitoba and send the new equipment to Miami and so on? Because he could avoid it by picking certain aircraft units to fly over Manitoba.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I should answer the question because I believe the honourable member is sincere. I point out again to him that the amount of tax involved is really a very small part of the total cost of operation. I do not believe that Air Canada will be motivated in that way to make decisions as to which aircraft to fly. It will fly the kind of aircraft which will be required and expected by its customers, its passengers, and that plan is the one that will be involved.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, we probably will be going out of committee and I don't think we will be voting on this today and I think it will be -- I'd like to request of the Minister the . . . information for our purposes tomorrow, and that would be to determine whether in Quebec with respect to this kind of a tax, it applies to international carriers who fly into the area; whether in turn it applies to Air Canada in the same way as he's suggesting here for their flights that go through Quebec on transatlantic carriers; whether it applies as well to Air Canada with respect to its overhaul base; and whether this section itself will apply in Winnipeg to the work done by CAE and by Bristol Aerospace.

MR. CHERNIACK: Mr. Chairman, I do want to answer that and members of my department are within hearing of my voice so that I will see if what I say now is not correct in which case I will correct it tomorrow. But I want only to say that my understanding is that this act is drawn similar to that of Quebec. How it is enforced in Quebec may not be that easily ascertained because it is not -- we are not in a position to demand the kind of information which the honourable member may be asking. If we have it, we'll give it. If we don't have it, we will not give it, and it is quite possible we won't have it. I've discovered that taxing authorities wherever I've dealt with them are not always too anxious to reveal their problems nor their successes, and I cannot honestly say that I expect to have an answer to the questions but if an

(MR. CHERNIACK cont'd) answer's available, it'll be brought. --(Interjection)--

MR. CHAIRMAN: The hour being 9 o'clock, the last hour of every day is Private Members' hour. The committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of the Whole is considering Bill No. 21, has instructed me to report progress and asks leave to sit again.

IN SESSION

MR. SPEAKER: Order, please. The Honourable Member for Logan.

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

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

MR. SPEAKER: On Thursday, the orders are public bills for Private Members.

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PRIVATE MEMBERS' BILLS

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

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I beg the indulgence of the House to have the matter stand.

MR. SPEAKER: (Agreed) On the proposed motion of the Honourable Member for Roblin, The Honourable Member for Roblin.

MR. J. WALLY McKENZIE (Roblin) presented Bill No. 22, an Act to repeal an Act to validate and confirm a certain agreement between the Town of Dauphin and the Rural Municipality of Dauphin, for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Well, Mr. Speaker, you will likely recall that Bill No. 35 I think was the number was introduced into the House in 1970, much similar in fact, I guess it's almost identical to this bill, and that bill was referred to the Standing Committee of Municipal Affairs for study and report to the next session of the Legislature. And I am not fully aware of the report but it appears to me, Mr. Speaker, that the Committee did not report back to the House during this session regarding this matter and the people of the R. M. of Dauphin believe and urge the House to reconsider the matter again and hopefully take this bill to possibly Law Amendments where it will maybe have a better hearing than it had in the Committee on Municipal Affairs.

Mr. Speaker, the bill itself is a rather simple bill. The members of the Standing Committee of Municipal Affairs are no doubt much more knowledgeable on the subject matter than I am because hearings were held and they are quite familiar with the debates and the presentations that were made by the Town of Dauphin and the Rural Municipality of Dauphin regarding this matter.

Mr. Speaker, the Rural Municipality of Dauphin feel that the agreement which was entered into with the Town of Dauphin in 1943 has long outlived its usefulness and now becomes a burden upon the taxpayers of that municipality and indirectly to the taxpayers of an adjoining municipality, the R. M. of Ochre River. And the brief which was submitted to the Committee on Municipal Affairs by the Town of Dauphin, as I recall it, Mr. Speaker, indicated that the first five sections of the act which is the - I think it's chapter 57 of the 1943 statutes - are no longer operative. The other sections of the Act, the latter sections of the Act, provide for certain tax exemptions by each municipality of the other's holdings inside that particular jurisdiction. And I am told, Mr. Speaker, it's felt that the Town of Dauphin receives considerable benefits from the provisions of the latter sections of the Act and the R. M., the Rural Municipality of Dauphin, is thence deprived of a great deal of taxation revenue by virtue of the operation of these latter sections.

In addition to this, Mr. Speaker, it is my understanding that the Town of Dauphin receives taxation benefits which is provided by these latter sections and I think the House should know it that the R. M. of Dauphin has in the past, as some of the honourable members understand, they have transferred certain sections of land from the R. M. into the town, and the town as a result of these land transfers has obtained the additional taxation revenue over the years and of course the municipality has lost the revenue by virtue of those transfer of lands and as I understand it the transfer over several years amounts to a bill of some \$350,000, which is not -- it's not small money.

I also understand, Mr. Speaker, that the Canadian National Railways has recently requested of the town provision for the installation of sewer and water to certain of its property within the limits of the Town of Dauphin. And the policy of the Town of Dauphin, Mr. Speaker, has been, even though they have the right to acquire lands and the installation of sewer and water within the R. M. of Dauphin, the policy of the town has been to exempt from taxation this land that would likely be redeveloped. And as well the policy of the town is that they will not extend sewer and water into the R. M. of Dauphin. So I daresay, Mr. Speaker, you'll agree with me that that is a rather outdated statute and does need revision.

I'd also advise, Mr. Speaker, that the ratepayers of the R. M. have always been prepared to pay any additional charges for the extension of sewer and water into that jurisdiction but the town to date, the Town of Dauphin, has refused to provide sewer and water for those certain properties.

(MR. McKENZIE cont'd)

Mr. Speaker, the Municipality of Dauphin is of the opinion that this Legislature ought to deal with this matter and they should give equal consideration to all municipalities in this province so that they can be assured of equal - and the rights that they feel that they are entitled to.

So with those few words, Mr. Speaker, I submit the bill to you on second reading and ask that the thing be referred to committee where it will be dealt with and hopefully the Committee of Law Amendments where it will have a good hearing by the members of this House and the public.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, may I say that we have taken a look at the bill; we are aware of the differences of opinion that have arisen as a result of this agreement which I believe was entered into in 1942 and 1943, I think, validated in the House. I do believe that it was the subject matter, Mr. Speaker, of some consideration since last we met, or just prior to that. I think it would be in the interests of all concerned to allow the proposed bill of my honourable friend, the Member for Roblin, to go into committee. I think though in all deference to my honourable friend, Mr. Speaker, the proper committee would be the Municipal Committee because it's dealing with the matters of municipalities as against the general area of consideration of Law Amendments Committee. So, Mr. Speaker, may I say on behalf of those of us on this side of the House, generally speaking of course it being a Private Members' Resolution or bill, it's free but generally speaking we would agree with the forwarding of the bill to Municipal Committee for its consideration and also hopefully that any conflict that exists between the R. M. and the Town will be dissipated.

MR. SPEAKER: The House agrees to adopt the motion. (Agreed) Very well.

PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: The next item is the proposed resolution of the Honourable Member for Emerson. The question is open. The members that have spoken just for the edification of all the members: The Honourable Member for Emerson, the Member for La Verendrye, the Member for St. Matthews and the Member for Roblin. Is the House ready to adopt the resolution?

The Honourable Minister of Labour.

MR. PAULLEY: I don't want to interfere with the conduct, indeed, I can't interfere with the conduct on Private Members' Resolutions and the Private Members' Hours, but if memory serves me correctly, the Honourable Member for Ste. Rose had started to speak and had only spoken for five or six minutes. I don't know how long, or he had got up to speak and . . .

MR. SPEAKER: He hasn't spoken at all. I have . . .

MR. PAULLEY: Oh he hasn't spoken at all.

MR. SPEAKER: Not yet.

MR. PAULLEY: That is the reason, I believe, Mr. Speaker, that his name stands behind the resolution and I think if the Honourable Member for Ste. Rose desires to speak, he should so do now.

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

MR. ADAM: Thank you very much, Mr. Speaker. I would also like to thank the members of the House for allowing me the privilege to speak on this motion. I had attempted to speak when it was first presented to the House back in March, I believe it was March 24th when it was presented to the House by the Honourable Member from Emerson. At that time the hour was nearing 5:30 and there was no time for me to speak so by leave of the House, I was granted the privilege of speaking now.

When I intended to speak at that time, Mr. Speaker, I thought that the -- I felt, and I still have some sympathy for this resolution, and I felt at that time that it did have some validity inasmuch as I recognize and I believe as do the majority of the members, or perhaps all of the members in the House recognize the problems facing the farming industry at this time and for the past several years. However, now when this resolution was presented to the House we had -- this was prior to the presentation of the Minister of Finance on the Budget and I was not aware or I doubt whether any of the other members were aware of the massive shift of tax from property which was proposed by the Minister of Finance. As a result of this, Mr. Speaker, I have had some second thoughts on this Resolution inasmuch as it's quite vague in my estimation, it's I also feel that it's discriminatory in a sense that it singles out one particular group in our

(MR. ADAM cont'd) society, and suggests that we remove all education tax, and while, as I say I do recognize that there exists a very grave problem as far as the farmers are concerned, and as far as the burden that they have to carry in our society, I feel that to support this Resolution we would be discriminating against other people in our society, such as people who have to live on the minimum wage, for instance; and people, fishermen for instance, and trappers, senior citizens, people who are living on very limited income. And I believe, Mr. Speaker, that the problem of the farmer and the tax burden goes far beyond, I would say, a quickie cure, or a cure-all, or a quick-cure method that is suggested by the Honourable Member for Emerson.

I don't know - the problem of taxation is a very difficult one. I feel that the member in his presentation, his Resolution, does not suggest where the money should come from to replace the monies lost except to say that perhaps we should take it from the Department of Health, I'm not sure. He does not elaborate on what he means when he says that. Perhaps he would like us to reinstate the Medicare premiums back to \$200, or more. Is this what he is suggesting? I don't know. Does he suggest that we should take some mothers off of welfare? I don't know. He doesn't spell it out, Mr. Speaker. I don't know just what he wants done here.

Now if he would perhaps brought in a Resolution that suggested that we should take another look at the criteria that we used to arrive at an assessment on property, perhaps we could - this may be the direction that we should be looking at, Mr. Speaker. The assessment, the criteria as I understand it, is based on, I believe, the value of land, the proximity to service centres, and the productivity of such lands. And I have to agree that in this direction, I think that we should perhaps look at this area more carefully. I think that the value of land can fluctuate from year to year, could fluctuate, the income of farmers could fluctuate by regulations in foreign countries such as the surcharge that the United States imposed not too long ago which did have an effect on agriculture, some agriculture products.

I believe, Mr. Speaker, that the problem of taxes on farmlands, while I have to agree that it's not entirely fair. The criteria used for assessment on farmlands was fine for the days of the little Red School House when a farmer could make a living on a quarter section of land, or a half section of land, that was perhaps the right criteria in those days to us, but in today's economy where a farmer now has to have a section of land or more to make a living, well then naturally the value of his assessment is much higher than when he used to make a living on a quarter section, or a half section, that's understandable.

The problem I believe, and I'm a farmer, the problem I believe is one of income, of course. If we have the income we don't mind paying education taxes; and if the member suggests that we should remove all taxes from farmland, I don't think that the farmers are agreeable to this. I think that most farmers want to pay their fair share, and I think if we as farmers say take all the taxes off our land because we have not learned how to sell our products, we have not learned how to set a price if the farmers have not - if I, as a farmer, have not learned how to put a price tag on my labour, that's certainly - if we take the tax off all farmlands as is suggested in this Resolution, we would be asking someone else to pick up the tab. And I don't think that most farmers agree, and in fact we did have on the Municipal Affairs Committee and on the Agriculture Committee that I attended, along with other members of this House, we did receive many briefs with regards to taxation on land and most of them wanted to see the taxes reduced, and I think, Mr. Speaker, that this government has taken steps in that direction. This year with the tax shift that is now being proposed by the Minister of Finance, and reading back in Hansard on some of the paragraphs of the Honourable Member from Emerson I would almost think that he was a socialist. I'm wondering, Sir, I am wondering, Sir, if we had been on the other side of the House and we had brought in this Resolution, I believe we would have been called socialist, dirty socialists, or something.

The Honourable Member from Roblin made quite a commentary on this Resolution and the presentation of it. He went on to say that if his party was in power he would, they knew how to find the \$15 million. There would be no trouble in that direction. He didn't say where he was going to get it from, he just said that they would get it from, they would get it, that's all, they know how to find the money. I don't know, Mr. Speaker, whether he was going to use the hat that the Honourable Member from Fort Garry had the other day, --(Interjection)-- Maybe we should start raising rabbits to raise taxes.

It was suggested awhile ago that we should tax the air. Maybe we should tax the air to replace the money for the tax that we take off the farmlands. I'm sure that if we would tax the

(MR. ADAM cont'd) air that comes forth from the Member for Morris we would be able to collect a lot of tax --(Interjection)-- Mr. Speaker, the Member for Lakeside - I was reading through Hansard today and I noticed that he said that his party had proposed instances of tax burden relief via assessment, and I quote him for instance by stating, "tax should be removed from old age pensioners and off the productive land". That's his exact words, and he says, "via assessment". He does not say to, as the Resolution suggests here, that we should remove all taxes, all education tax off farmland, he says that we should do it via assessment, and I agree with him. Maybe we should take another look at the method of assessment on farm property. I would agree with the member on that. But if he says that he has in some instances of, they have suggested tax burden relief, they have not done that in this Resolution. This is not the answer, Mr. Chairman, in my opinion. Perhaps the best way would be to tax the air.

MR. SPEAKER: The Honourable Member has five minutes.

MR. ADAM: Well if I only have five minutes, Mr. Speaker, I'd better get to my speech.

Well, Mr. Speaker, there's going to be quite a shift in taxes from farmlands this year. I think according to the number of income tax returns which represent 66.1 percent, there should be a shift of approximately \$2,752,000 off the farmlands; and another \$2,000 taxable income should receive a shift, a tax shift of \$897,000; and in the \$4,000 income bracket there should be a shift of \$141,000; and in the \$6,000 bracket there should be a tax shift of \$60,000; and in the \$8,000 bracket there should be a shift of approximately \$20,000; and in the \$9,000 bracket there should be a tax shift of \$4,900. These are all approximate figures, of course. In view of the fact that we have made great strides this year in trying to relieve the burden of education tax on farmlands, Mr. Speaker, I would like to propose a motion to the Resolution, and I move, seconded by the Honourable Member from Point Douglas, that the Resolution be amended as follows:

1. By adding after the 1st paragraph thereof the following new paragraph:
 1. WHEREAS residential property has been heavily burdened by taxation relating to services concerned with people, rather than services concerned with property.
2. By adding after the word "land" in the existing second paragraph thereof the following:
 2. Or to the service applied to residential property.
3. By adding after the word "assembly" in the first line of the existing third paragraph thereof the following:
 3. While recognizing and concurring with equitable tax shifts already made and announced by the government, concerning these problems.
4. By striking out all the words after the word "of" in the existing third paragraph thereof, and substituting thereof the following:
 4. Further shifting educational and other non real property, servicing taxation from the agricultural lands, and residential properties, to taxation based on the ability to pay. I so move.

MR. CHAIRMAN: The Member for Emerson.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Thank you, Mr. Speaker. Well, Mr. Speaker, I stand in constant amazement and wonderment at my friends opposite because, you know, here we have a relatively straightforward easily understood Resolution, calling to bring about a measure that most of us acknowledge, a taxation that is no longer fair --(Interjection)-- Well I say no longer because of the history of these off farm movements. You know, Mr. Speaker, 30, 40, 50 years ago, a hundred years ago, well maybe not a hundred years ago, when virtually on every quarter section of farmland there dwelt a family; and they sent their children and they were taxed much less in those days to support their local school, and we've seen, for many reasons, reasons for adversity within the farming business, reasons for more attractiveness within the rural or the urban setting, better jobs, better opportunities. We've seen a tremendous shift of people, thousand of people have moved off the land, and we all acknowledge that, and that's something we can understand. But the land hasn't shifted, the land is still out there. And this land is being onerously taxed in this particular area.

Furthermore, Mr. Speaker, I think all of us understand, and at least would like to support the idea of certainly maintaining such a vital necessity as production of food in as competitive a manner as we can, and indeed, as cheaply as we can. Mr. Speaker, this is a removal of tax, not from farmlands as such, farmland is only used to do certain things. We had a nice

(MR. ENNS cont'd) argument, Mr. Speaker, a little while ago about what the Minister of Finance was trying to tax, and what he wasn't taxing, and we had some confusion in that area. What we are taking the education tax off of is bread, milk, butter, and other food products that are produced on our farmlands. Now that's fairly clear, and should be fairly well understood.

Mr. Speaker, it's not suggested that the individual farm families, or the farmland that is there should not continue to pay its fair share of taxes in terms of the services that are required to make that land available for good farming. Services of roads, services of drainage, services of weed control, services of whatever you decide, or whatever the farming community from time to time decides that the land requires.

But no, in difficult socialist fashion, they have to confuse a straightforward proposal put forward from the member for, Member for Emerson. They have to finish it off with that catch phrase based on the ability to pay and really I don't know how this applies to the question of relieving, you know, or shifting a tax burden from food products. Mr. Speaker, we make that allowance in many other forms of taxation, in our revenue tax, in our sales taxes - we don't apply the sales tax to the groceries that the housewives have to buy. For the very same reason, Mr. Speaker, we allow the farmer to use purple gas in his farm tractors, and in his farm trucks, for the very same reason.

Mr. Speaker, I suggest, therefore, at least for a fleeting moment, that the members opposite reconsider the amendment that has just been put forward by the Member for Ste. Rose. I would ask him to reconsider how much more straightforward and how much better understood and appreciated, the farming community would be, if they, for a change, would have the courage to decide that those of us from this side can, in fact, make reasonable and constructive suggestions from time to time. Those of us on our side have in the course of the Budget Speech suggested, not, as the Member from Ste. Rose indicated, that we knew not whence the money would come from as a result of this tax relief. Mr. Speaker, we set out very clearly roughly the amounts of money that, at least from our study, we were talking about. In both this area and the other area of immediate tax relief of our old age pensioners on residences, removal of the education tax during the course of the Budget Speech. We said, Mr. Speaker, that rather than have the old age pensioners burdened with the problems of filing multi-formed income tax forms -- suffice to say that maybe they only have to fill out a line or two, but they have to find that line or two out of sixteen page form; they have to send in an income tax form, Mr. Speaker, before that relief, which is recognized as substantial by me anyway, that is being made by the government's action in terms of a transferral of a tax or education tax from these particular areas, but I suggest to you it is a clumsy, awkward and difficult way. It's a way that only belies the bureaucracy, and the bureaucratic orientation that most of my socialist friends have. It's understandable, it comes from a long upbringing in that socialist, you know, climate where there's a simple way of doing it, they'll find a complicated way of doing it. Where there's a straightforward way of doing it, they'll find a devious way of doing it. Where there's an understandable way of doing it, Mr. Speaker, they'll find an un-understandable way of doing it. --(Interjection)-- Well, I lack the presence of my honourable frined, the Member for Fort Garry, I'm sure he would be coaxing me, or coaching me in more appropriate prose, incomprehensible . . . Where there is a comprehensible way of doing it, you find an incomprehensible way of doing it.

Mr. Speaker, you are aware of how quickly I am prepared to seek help and assistance from whatever quarters it comes, whether it's from the Member from Fort Garry, or the Member for Inkster. I only ask that this government, this government, that this government would take the same course of action when they are faced with these two particular resolutions - I know, Mr. Speaker, that I have to restrict my remarks to the Resolution before me, but I don't believe I would be out of order, Sir, to remind you that there was a similar resolution put forward by the Member for Sturgeon Creek having to do again with the removal of the education tax off of old age senior citizens here in our province. Again it was a straightforward, comprehensible, easy thing to do, and the government chose to spend hours, indeed days and months to find a more difficult way of doing it. --(Interjection)-- Well, Mr. Speaker, the Honourable First Minister keeps reminding me of what we were doing, what we didn't do in 1968. I attempted of course, Mr. Speaker, to remind him of all the things that we did do, and all the things that haven't been done in the last three years that could make these kind of tax removals all that more easier for this present government.

Mr. Speaker, again let me come back to the Resolution. We all complain from time to

(MR. ENNS cont'd) time to time about our seeming inability to cope with rising prices. The farmer complains perhaps most bitterly from time to time. That overworked phrase that we have often heard, the cost-price squeeze is one that virtually enters into every farm debate. Far too little, far too little attention, of course, is given to the fact that it is the thirty-five cents out of every dollar -- I think that's approximately the price of government in Canada -- 35 to 40 cents out of every dollar that goes to the supporting of bigger and bigger governments. Mr. Speaker, the politicians, not only at the provincial level but at the federal level, probably talk more about what they can and should be doing for the farmer. We spend more time in setting up committees and commissions and grain commissions, and what have you, and marketing boards, and more boards, to try to resolve the problems, the income problems of the farmer. We establish Royal commissions, investigative bodies as to the price, spiralling price costs that the farmer faces in the cost-price squeeze in this dilemma that he has, but one of the few things that we don't do, Mr. Speaker, is to recognize our contribution to his dilemma in this cost price squeeze, and certainly this is at the very heart of this resolution, to recognize the simple fact that we in government contribute massively to the problems of the farmer's cost-price squeeze, and it's about time that we recognized it and we could recognize it probably in no clearer form than by rejecting the Resolution, or the amendment just proposed, Mr. Speaker, in this Chamber and accepting this Resolution in its original form.

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, I've listened with considerable interest to the comments by the members across the way. I would, despite the fact that the Honourable Member here from Thompson suggests that I must be too good a listener. I would like to say first that the Resolution itself, the wording indicated in the Resolution, indicates a certain degree of unawareness, unawareness of basic taxation, levels of taxation, and this basic degree of unawareness or ignorance is demonstrated in the first WHEREAS paragraph -- I could refer honourable members to it -- when the wording is "not be liable to levels of taxation greater than that imposed on other means of production". The suggestion is made that in some way or other the levels of taxation imposed in respect to farmlands is greater, or should be the same as that imposed on other means of production. Now I would advise the honourable member that other means of production insofar as assessment is concerned, is liable to levels of taxation which is on the average 25 1/2 mills more, more than agricultural lands. So that if, in fact, the honourable member is requesting this House, or implying to this House, that agricultural lands ought to be treated in the same manner as other means of production, then, in fact, he is suggesting to this House that farmlands ought to receive a levy of 25 1/2 mills more than what they are presently receiving. That is the implication, that is the direction clearly indicated in the first WHEREAS clause. No either, Mr. Speaker, there's a deliberate effort on the part of members to make such a suggestion, or else it demonstrates an ignorance of the taxation system in this Province, one or the other -- (Interjection) -- and yes possibly both.

I also would like to draw to the attention of members a few figures that I have obtained in respect to the imposition of tax in certain municipalities in the Province serving as a sampling, serving as a general sampling of levels of taxation in this province. I recall approximately two weeks ago in this House when the Honourable Member for Lakeside was indicating to the House that that poor farmer that pays \$2000 in education tax was receiving a very severe blow in the Province of Manitoba. Now I was curious in order to ascertain what type of farmer the Honourable Member for Lakeside would be referring to. Is he referring to the ordinary average farmer in the Province of Manitoba? Is he referring to the farmer that we, that generally appears before our agricultural committees and presents his briefs? An analysis of sample municipalities in the Province indicates that the average farm, not the worst type of farm, and not the best type of farm, but average farms from the information that I have received from the department, in order to pay \$2,000, last year's level of taxes for education, would have to have the following number of acres, for the following municipalities: Stanley Municipality - 2,740 acres; North Cypress - 4,080 acres. I'm talking about education tax only. Ellice Municipality - 4,400 acres; Shoal Lake - 3,840 acres; Dauphin Municipality - 4,540; Dufrost - 3,000 and Coldwell Municipality, in the heart of the constituency of the Honourable Member for Lakeside, 20,000 acres, 20,000 acres. -- (Interjection) -- based . . .

A MEMBER: Would the Member from Lakeside benefit by this?

MR. PAWLEY: Yes, I believe he might. Based upon school tax per acre from the figures given to me, provided for me, in the R. M. of Stanley, average farm -- again not speaking of

(MR. PAWLEY cont'd) the poorest or the best farm lands in the municipality, but the average 73 cents per acre; North Cypress 49 cents per acre; Ellice Municipality 45 cents per acre; Shoal Lake 52 cents per acre; R. M. of Dauphin 44 cents per acre; Dufrost 63 cents per acre; Coldwell 10 cents an acre.

Now I notice that the Honourable Member for Rhineland indicates his displeasure and his disagreement and I understand why he expresses his disagreement because for a long time he has not advised members of this House why there has been a taxation problem in the Municipality of Stanley and Rhineland, education tax problems. -- (Interjections) -- And the reason is very simple and straightforward. Because I could, I could, Mr. Speaker, refer to the taxation imposed on those parts of the R. M. of Stanley which were not, not a part of the unitary school division. And you know, Mr. Speaker, what the farmers in that part who followed the direction and guidance and policy suggested by the Honourable Member for Rhineland a number of years back, you know what they paid last year by way of taxation per school? They paid \$2.30 per acre. And that's where you have three-quarters of a section that the Honourable Member for Rhineland is making reference to. Two dollars and thirty cents per acre compared to 73 cents per acre as a result of the advice and the suggestion by the Honourable Member for Rhineland to his constituents. And half will save this year because it's now my understanding that half are presently in the unitary school division, half still out of the unitary school division.

A MEMBER: Shame, Jake.

MR. PAWLEY: So if you want to deal with the non-unitary -- (Interjection) -- You're right, non-unitary -- three-quarter of a section but if we talk about the unitary portion 73 cents an acre.

Mr. Speaker, the important thing that should be emphasized again and again to the honourable members across the way, that the problem facing agriculture is a problem of cash input; the difficulty in receiving proper prices for produce that farmers sell compared with the rising costs of the means by which he has to purchase in order to earn his income. This is the problem. This is the basic challenge that has faced provincial and federal governments for some time and the Honourable Minister of Agriculture, I would suggest, has accomplished much in the past three years in attempting to contend with this problem. However as much as he works under the difficulties of working within the Federal system by which the Federal Government is largely responsible for the plight in farm agriculture in western Canada. But let us not divert farmers by suggesting to them there are pat answers, that their problems are taxation because any farmer can tell you that his basic problem is cash. He wouldn't mind paying decent level of taxation if he received a decent income, and until we successfully arrive at the development of a proper agricultural policy in Canada, which has not been introduced or brought about by Federal, Liberal or Conservative Governments -- Federal and Liberal and Conservative Governments who have basically served certain other interests in Canada rather than the interests of the western farmer. Until that time arrives -- special interest groups -- until that time arrives, the farmer in western Canada will not really have been able to go any degree towards resolving what has been a long standing problem on their part.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I certainly cannot let some of those statements go unchallenged that we were just hearing from the Minister of Municipal Affairs. When he talks a few thousand dollar tax bill any farmer on the eastern half of Stanley Municipality having three quarters of land will pay \$2,000 in taxes. The average tax per quarter for the eastern half of Stanley is \$660 a quarter, and from two-thirds, or 65 to 70 percent of that is school taxes. So that you only need one section of land for a \$2,000 school tax bill. And I should remind him of his assessors who assessed a parcel on my property where they -- (Interjection) -- where they now -- (Interjection) -- Just let me finish, where they now levy a \$15.00 an acre tax bill on 120 acres. This is \$1,700 tax bill on 122 acres of land. How can a farmer remain and retain a farm when he has such a heavy tax bill? He talks about the difference between unitary and the multi-district division in Stanley. It just so happens that the western half of Stanley is very low assessed compared to the eastern half, and the west half that is in Morden is in the unitary. And then he compares the two. It's illogical because the tax burden of Stanley Municipality rests with the eastern half of the municipality where you have the high assessed land. This should have -- and they are paying the largest cost, the largest share of the total municipal expenses of Stanley Municipality. This province has such a poor record as

(MR. FROESE cont'd) assisting municipalities too. Eight dollars per capita when you compare it to B. C. with a \$30.00 per capita grant. It's very very niggardly, I would say, the assistance that our municipalities are getting and thereby a large share of the cost has to be borne by the taxpayers that should be coming from the municipalities.

Another good example was -- I did bring in the other day. What of the Agricultural Credit Corporation? It's not even paying its way. In fact the government had to put in \$2,262,000 just for operational purposes. -- (Interjection) -- This should signify to the government the poor condition the farmer's in that he cannot meet his payments. -- (Interjections) -- The interest arrears were up six -- the interest arrears were up 600 percent . . .

MR. SPEAKER: Order.

MR. FROESE: . . . of the Agricultural Credit Corporation. The principal arrears were up 400 percent over the previous year. Isn't this an indication of what this farm situation is and then they say that the farmer is not in need of help and that we should not relieve the farmer. What is the case today? We find that we have lawyers making 20, 40, 50,000 a year; we have doctors making the same amount; the professors -- yet who pays the bills for educating their children? The farmer pays the largest share of that because of the farm lands in this province where it's putting such a heavy tax on it.

The tax transfer, the shift that they, the so-called shift that the government claims that they are making is in favour of the urban dweller all along. He only has one property and the farmer probably has four or five or half a dozen properties. The urban dweller gets the same grant on one property that the farmer gets on five or six or more and how can you compare this evenly. It's always in favour of the urban dweller and that is what this government had intentions of -- to get the vote of the urban dwellers. That was the principle behind this. Not only that we find that if the farmer cannot make his payment, pay his taxes for two or three years, if he has poor crops, he's subject to losing his whole total equity in whatever property he has. Not so with the other people. They get their monthly salary cheque and if not, they go to welfare and get the money so that they can pay their taxes. But that's not the case for the farmer. He doesn't have access to that same handout or to that same amount of money. No, he's denied that and he cannot get that, so that he's again at a very heavy disadvantage when it comes to that.

MR. SPEAKER: Order, please. The hour being 10:00 o'clock . . . Does the Honourable Minister of Labour wish to say something before we adjourn?

MR. PAULLEY: Yes, if you don't mind, Mr. Speaker. I want to remind honourable members that there is an Interfaith breakfast at the St. Regis Hotel tomorrow morning at 8:15. I understand members have been invited. I'm just merely reminding my honourable friends that the breakfast is still on - 8:15 at the St. Regis Hotel tomorrow morning, and I hope that as a result of that they come in here brothers together.

MR. SPEAKER: The hour of adjournment having arrived, the House is accordingly adjourned until 10:00 o'clock Friday morning.