

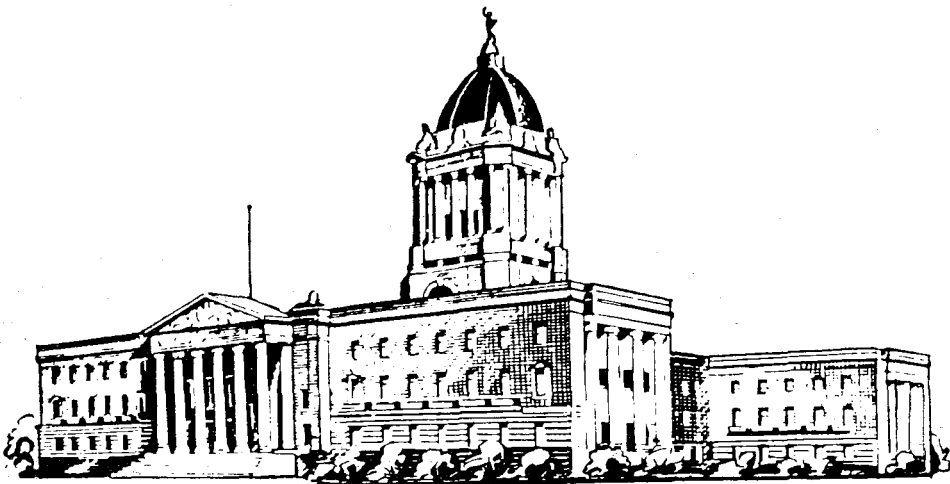


Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXI No. 173 10:00 a.m., Thursday, June 13th, 1974. First Session, 30th Legislature.

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ARTHUR	J. Douglas Watt	P.C.	Reston, Man.	R0M 1X0
ASSINIBOIA	Steve Patrick	Lib.	10 Red Robin Pl., Winnipeg	R3J 3L8
BIRTLE-RUSSELL	Harry E. Graham	P.C.	Binscarth, Man.	R0J 0G0
BRANDON EAST	Hon. Leonard S. Evans	NDP	Legislative Bldg., Winnipeg	R3C 0V8
BRANDON WEST	Edward McGill	P.C.	2228 Princess Ave., Brandon	R7B 0H9
BURROWS	Hon. Ben Hanuschak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
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FORT ROUGE	Lloyd Axworthy	Lib.	132 Osborne St. S., Winnipeg	R3L 1Y5
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INKSTER	Hon. Sidney Green, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
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LOGAN	William Jenkins	NDP	1294 Erin St., Winnipeg	R3E 2S6
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MORRIS	Warner H. Jorgenson	P.C.	Morris, Man.	R0G 1K0
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PEMBINA	George Henderson	P.C.	Manitou, Man.	R0G 1G0
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PORTAGE L'APRAIRIE	Gordon E. Johnston	Lib.	135 - 16th St. S.W., Portage la Prairie, Man.	R1N 2W5
RADISSON	Harry Shafransky	NDP	4 Maplehurst Rd., Winnipeg	R2J 1W8
RHINELAND	Arnold Brown	P.C.	Winkler, Man.	R0G 2X0
RIEL	Donald W. Craik	P.C.	3 River Lane, Winnipeg	R2M 3Y8
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ROBLIN	J. Wally McKenzie	P.C.	Inglis, Man.	R0J 0X0
ROCK LAKE	Henry J. Einarson	P.C.	Glenboro, Man.	R0K 0X0
ROSSMERE	Hon. Ed. Schreyer	NDP	Legislative Bldg., Winnipeg	R3C 0V8
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ST. BONIFACE	J. Paul Marion	Lib.	394 Gaboury Place, Winnipeg	R2H 0L4
ST. GEORGE	Hon. Bill Uruski	NDP	10th flr., 330 Portage Ave., Wpg.	R3C 0C4
ST. JAMES	George Minaker	P.C.	318 Ronald St., Winnipeg	R3J 3J8
ST. JOHNS	Hon. Saul Cherniack, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ST. MATTHEWS	Wally Johannson	NDP	418 Home St., Winnipeg	R3G 1X4
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SEVEN OAKS	Hon. Saul A. Miller	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SOURIS KILLARNEY	Earl McKellar	P.C.	Nesbitt, Man.	R0K 1P0
SPRINGFIELD	Hon. Rene E. Toupin	NDP	Legislative Bldg., Winnipeg	R3C 0V8
STURGEON CREEK	J. Frank Johnston	P.C.	310 Overdale St., Winnipeg	R3J 2G3
SWAN RIVER	James H. Bilton	P.C.	Swan River, Man.	R0L 1Z0
THE PAS	Hon. Ron McBryde	NDP	Legislative Bldg., Winnipeg	R3C 0V8
THOMPSON	Ken Dillen	NDP	1171 Westwood Dr., Thompson	R8N 0G8
TRANSCONA	Hon. Russell Paulley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
VIRDEN	Morris McGregor	P.C.	Kenton, Man.	R0M 0Z0
WELLINGTON	Philip M. Petursson	NDP	681 Banning St., Winnipeg	R3G 2G3
WINNIPEG CENTRE	J.R. (Bud) Boyce	NDP	777 Winnipeg Ave., Winnipeg	R3E 0R5
WOLSELEY	I.H. Asper	Lib.	Legislative Bldg., Winnipeg	R3C 0V8

THE LEGISLATIVE ASSEMBLY OF MANITOBA
10:00 o'clock, Thursday, June 13, 1974

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 40 students of Grade 8 standing of the St. Mary's School from Ontario. These students are under the direction of Mr. Raymond Desjardin. As our guests, I welcome you this morning on behalf of all the honourable members of the Legislative Assembly.

Presenting Petitions; The Honourable Member for Brandon West.

PRESENTING PETITIONS

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, on behalf of the Honourable Member for Fort Garry, I beg to present the petition of the Winnipeg Real Estate Board praying for the passage of an Act to amend an Act to incorporate the Winnipeg Real Estate Board.

MR. SPEAKER: Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees. The Honourable Member for Ste. Rose.

REPORTS BY STANDING AND SPECIAL COMMITTEES

MR. A. R. (Pete) ADAM (Ste. Rose): Thank you, Mr. Speaker. I beg to present the second report of the Standing Committee on Agriculture.

Your Committee met on June 12, 1974, and considered bill: No. 70, The Animal Diseases Act

And has agreed to report the same without amendment. All of which is respectfully submitted.

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

MR. ADAM: I beg to move, seconded by the Honourable Member for Emerson, that the report of the committee be received.

MOTION presented and carried.

MR. SPEAKER: Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills; Questions; Orders of the Day. The Honourable Acting House Leader.

ORDERS OF THE DAY

HON. RUSSELL PAULLEY (Minister of Labour and Acting House Leader) (Transcona): I believe we'll go into Committee of the Whole House; the Honourable the First Minister has the motion.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, I move, seconded by the Honourable the Minister of Labour, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider and report on the following bills:

No. 85 - an Act to amend The Mineral Taxation Act

No. 95 - an Act to amend The Legislative Assembly Act.

MOTION presented and carried and the House resolved itself into a Committee of the Whole with the Honourable Member for Logan in the Chair.

COMMITTEE OF THE WHOLE - BILL 85

MR. CHAIRMAN: Bill No. 85, an Act to amend The Mineral Taxation Act. What is the will of the committee? Page by page? Clause by clause.

Clause 1 sub 1 -- pass; 2 -- pass; 1 -- pass. The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Chairman, on the clause 1. I would like an explanation of the difference between a "beneficial owner" and an owner.

MR. CHAIRMAN: The Honourable First Minister.

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MR. SCHREYER: Well, Mr. Speaker, that's in the definition section. I really wouldn't presume to define "beneficial owner" any differently than it is defined in section 1. I suppose, trying to put it in layman's terms, beneficial owner as distinct from owner is that a beneficial owner is one who has the rights or acquired the rights to exploit the minerals as opposed to the person who has the ownership by way of title in fee simple or whatever other interest.

MR. CHAIRMAN: (Sections 1 to 6 were read and passed.) I'll just wait a minute, evidently there are some amendments; we haven't come to any yet, so I'll just hold it until the amendments are distributed.

MR. SCHREYER: Just so that the list of amendments here does not look intimidating in terms of numbers, all of the amendments on Page 1 - and there are five of them - all relate to the same matter, that is a mistake in the lettering of a schedule to the bill and so there is need to re-letter the schedules and that's what all these amendments are with the exception of the amendment on the second page which I will explain when we come to it.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition) (River Heights): Mr. Chairman, you'll have to go back to four, I guess, to move the amendment then.
--(Interjection)-- Oh, I see.

MR. CHAIRMAN: Clause 6 -- The Honourable Member for Virden.

MR. MORRIS MCGREGOR (Virden): There seems to be some dispute or argument here regarding the royalty and the override as the oil producer has to pay that 12 1/2 percent on the top 6.50 rather than pay the 12 1/2 percent on what his \$4.00 or \$3.90 or \$4.10 and is this clear? And the question is by the oil producers are extremely unhappy that they're paying on something that they're really not getting. And likewise to the override. Does it come equally on the 6.50 or on the 6.50 less the 12 1/2 percent? The override will vary from 5 to 15 percent by those companies that have changed hands in recent years.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I'm still not quite certain as to the specific nature of the concern expressed by the Member for Virden. Perhaps he could elaborate. In the meantime I think I understand him. I would simply indicate that both the owner, that is to say the person with the freehold ownership interest and the overriding, the person with the overriding interest if there be one, are both subject to taxation, collection of which is the responsibility of the producer. And the formula here speaks for itself insofar as that amount upon which the historic or longstanding 12 1/2 percent royalty is applicable.

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

MR. GRAHAM: Thank you, Mr. Speaker. I would then ask the First Minister another question. In the operation of the provincial sales tax and, Sir, I suggest that a royalty and a sales tax are somewhat similar, if I were to purchase an automobile from a dealer and he says this is a \$10,000 car, we'll give you a \$5,000 discount on it and you pay \$5,000 for the car, do I pay sales tax on the \$5,000 or do I pay sales tax on the \$10,000 which the dealer has suggested really he says is a \$10,000 car but you're not going to pay 10,000, you're only going to pay five? I think, Sir, the principle here is basically the same. The Government is saying to the oil companies that you're going to pay a royalty on a figure that the oil company never gets. The oil company never gets the amount of money that they have to pay a royalty on. They're paying royalty on an artificial figure that they never received.
--(Interjection)-- Well, I understand and I hope I'm wrong, I sincerely hope I'm wrong, that if the price of oil is 6.50 or 10.50, I understand that the royalty is paid on that figure but the oil company doesn't receive that kind of money for the oil. They only receive \$2.00 or \$3.00 but they have to pay a royalty and an overriding on a figure that they never received. And I think the situation is very analogous to that that applies with the provincial sales tax. And I'd like the First Minister to explain.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, again I have to read between the lines somewhat in terms of what the honourable member is objecting to. As I understand the Honourable Member for Birtle-Russell he is saying that because the producing company is required to pay a certain royalty to the owner with overriding interest and to the beneficial owner, etc., etc. that therefore the producing company is getting something less than the price that is usually talked about as being the wellhead price. Well that amount is a matter of --well, it's

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(MR. SCHREYER Cont'd) a matter of cents rather more than dollars and cents, it is not a great amount and I think that's simply taken care of in the overall net price that the producing company pays. In other words, if you like, it is a part of the cost of his operation of doing business. And certainly I might add that there is a certain latitude in all this because the oil producing companies are receiving a price for oil now that is, you know, so substantially higher than it was a couple of years ago that if they have to absorb a few cents, I don't think that it will in any way jeopardize the economics of their operation. If one wants to talk in terms of purist principles of taxation perhaps the Honourable Member for Birtle-Russell has a point although I can't even concede that because I would have to have in writing really the very specific nature of the point the honourable member is making. It's a little vague still.

MR. GRAHAM: Well, Sir, maybe I can explain it and I haven't got the detailed breakdown of how the Government arrived at the price that the oil company gets. But I heard figures banded around here of \$10 or 6.50 but it is my understanding that the royalty applies to a figure, say, of, for argument's sake, a figure of \$6.50. Let's just use that for argument's sake. But the oil company never gets 6.50; they only get \$3.00 or 3.50 for the oil and yet they're asked to pay a royalty on an artificial figure. If they paid a royalty on the actual amount of money they received, I would say that's good. But they're being asked to pay a royalty on an artificially inflated figure that, really, as far as the oil company is concerned, doesn't exist. We are left with an erroneous impression that the oil company is getting 6.50 or \$10 a barrel; they're not getting that figure; they're getting nowhere near that figure. They're getting and I understand \$3.74 a barrel. And I suggest, Sir, that the royalty should be paid, it's a percentage figure and it should be paid on the \$3.74 that they're getting, and should not be paid on the \$10 or 6.50 because that's a figure they never get. And I suggest that they're paying royalty on their figures plus the tax that the Government is receiving as well. And why should you pay a royalty on a tax? I think there's a very basic principle involved here. If you're going to pay a royalty on a tax that somebody else is receiving, then the province has a double taxation principle involved here. You're paying a percentage, a legitimate percentage on the \$3.74 but you're also paying a percentage on the tax that the Government is collecting so the tax the Government is collecting can be assessed at \$4.00 or whatever they set plus 12 1/2 percent royalty. I think it's very wrong that you should pay a royalty on a tax.

MR. CHAIRMAN: The First Minister.

MR. SCHREYER: Mr. Chairman, I think that the light is beginning to dawn as to just what the honourable member's concern is and perhaps, perhaps I can clarify the matter for him by making two points.

The first is that if he is relating his concern to Section 6, the reference there to Royalty being royalty including an overriding royalty, that is not paid and payable to the Crown. It is payable to the person who has the freehold ownership interest so that the producing company cannot be said, as I think the honourable member is saying, the producing company is not paying that amount to the Crown, it is paying that to the freehold interest owner and maybe the word "royalty" here is a bit of a misnomer or at least causing the conceptual difficulty. It is the - if you like - the value that is placed by the freehold owner on the resource, that has to be paid by the producing company in order to have exploiting interests or access to that particular property.

Now, Mr. Chairman, I wonder if it would not expedite matters, since there is a certain detailed complexity here, if the Honourable Leader of the Opposition and members opposite, the Member from Portage, would agree to having the ADM of Finance brought here. And the Deputy of Mines and Resources are both now available. I would simply ask them if they're within earshot to make their way down to the floor here.

MR. SPIVAK: Agreeing to this - and I'm not sure the First Minister was present when this took place last time - but I wonder just for record so that he'll have an indication of our position. It's our belief that this matter should be referred to the Rules Committee and as a matter of practice, when we deal in Committee of the Whole, there should be an opportunity for the officials to be present.

MR. PAULLEY: Perhaps the Clerk could make a note of that Mr. Chairman, for discussion at the Rules Committee, the question of the presence of strangers in the House

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(MR. PAULLEY Cont'd) during the Committee of the Whole.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. GEORGE MNAKER (St. James): Mr. Chairman, I have some technical questions I would like to put to the First Minister but I will wait until the people from the Department are here.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I think perhaps the Member for Virden was about to rise and there may be some value in his proceeding; we could take notes.

MR. CHAIRMAN: The Honourable Member for Virden.

MR. MCGREGOR: Carrying on the same point of view, it is true this 12 1/2 in Manitoba, probably 80 percent of that is going to farmers, individuals. But even if those people, the fact that the government is taking the \$2.50 less the 90 cents or four cents, whatever it may be, they're getting Scot free - or, you know, whatever the formula, we disagree from your party to ours, the formula what it comes down to but they're really coming off Scot free on the basic \$2.00, \$2.50. They're paying no royalty to that land owner where the producer is having to put it up and in Manitoba where there's a lot of the override from five to fifteen percent over and above that 12 1/2 percent. Now combine those two and it's a big penalty to the oil producer and does the five and fifteen come after the 12 1/2 percent comes off or does it come off of the basic top \$6.50?

MR. SCHREYER: Mr. Chairman, perhaps it would be just as well for the Member for St. James to pose his technical points as he indicated and we will attempt to respond to the points raised together.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MNAKER: Thank you, Mr. Chairman. My question relates under the section we're dealing with because it becomes part of the calculation in the tax to the producer, this incremental tax of eight mills. I wonder, Mr. Chairman, if the First Minister could confirm that on a 20 barrel per day well or larger production that the \$2.69 additional moneys that will now be provided at the wellhead, that the eight mills will be applied to the \$2.69 additional amount which will mean three cents tax. In addition, if we look at Schedule C, that there will be an incremental tax, royalty tax, of \$2.28 of that \$2.69 and further that the royalty that's paid to the mineral right owner, whether it be the Provincial Government or a private individual, the minimum royalty paid out of the \$2.69 increase will be approximately 34 cents. So that if we total up for a 20 barrel per day well or more we have three cents for the eight mill tax on the \$2.69 increase; we have \$2.28 for the incremental tax in Schedule C; we have approximately 34 cents - I believe it is 33.6 to be exact - additional royalty that the producer will have to pay to the mineral right owner which, in 20 percent of the cases, I understand it is ourselves, the province, the Crown who own it, so that when we total this up that you get a total of \$2.65 so that the producer is left with four cents per barrel after the price increase.

Now it's my understanding that there are also many wells that - where there is an override royalty where it happens that the person producing it at the present time was not the initial producer or the person to establish the mineral rights with the owner of the mineral rights so that we have possibilities where not only is there 34 cents additional royalty going to the mineral right owner but there could be anywhere from, I believe, five percent to fifteen percent additional royalty. And it's my understanding in talking with the oil industry that these royalties are applied to the wellhead price or the increase that might occur at the wellhead. Now in addition, Mr. Chairman, my understanding is that these producers are also the smaller producers who are not connected to the pipeline and have to use trucking services to truck their crude oil from the well to the pipeline terminal, are facing an increase for this service and I understand it might be in the order of five cents to ten cents per barrel, that after all of these taxes and royalties are applied to the \$2.69 increase that in actual fact, if the transportation costs remain the same as prior to the increase, they will be four cents a barrel ahead or if there is a transportation increase to these producers, they will, in fact, have less money than prior, before. Now that is one of the questions I raise.

The other question is that I would like to know, it's my understanding that I believe about 38 1/2 percent of the wells are ten barrels or less in production at the present time,

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(MR. MINAKER Cont'd) are ten barrels per day or less. The remaining 62 percent of the wells in production are ten barrels or more with 35 percent of the wells, I believe, are around the 20 barrel mark or more. I wonder if the First Minister can get the staff to confirm this.

Mr. Speaker, if we look at what the wellhead price was in 1970, my understanding the wellhead price in 1970 was \$2.74 a barrel, that if we add the net amount that is available after all of the incremental taxes are placed and all the overheads are taken off this \$2.69 per barrel increase, anybody producing over 20 barrels today will get four cents a barrel additional moneys and we add it to the former price of \$3.69 a barrel, which was the wellhead price prior to this recent increase, we get a value of \$3.73 per barrel is what the producer will have and, Mr. Chairman, if we compare that to the 1970 price of \$2.74 that the producer will have experienced thirty-six and a half percent increase in four years. I question, Mr. Chairman, whether or not the small producers which we're talking about, because they're the people who are not connected to the pipeline and have these additional transportation costs, whether or not they will be able to continue to operate.

For that reason, Mr. Chairman, I again ask the First Minister if these producers cannot operate because of the lack of increase of moneys to handle the increased costs of production, is it the intention of the Government to take over the production of oil in Manitoba? I know the members on our side, the Progressive Conservative Party, would like to have an answer to that question. Is the intent of the Government to take over the production of oil in Manitoba? Because it would appear that if our figures are correct that the small producer or any producer that is 20 barrels per day or more on the well will have in the order of four cents per barrel and it would appear could not continue to operate if we understand what the producers have said to us personally that a seven to eight barrel a day well is the break-even point at this time, and that even if they were able to operate for six years uninterrupted at an eight barrel per day operation with no service problems, and if they could continually pump for six years they then could possibly afford to drill another well. This is what the producers are faced with, that under the present setup they cannot afford to drill new wells so the exploration of new oil in the Virden area will pretty well stop. So I again place the question to the First Minister on behalf of the P.C. caucus because we want to know if it is the intention of the Government to take over the production of the oil industry because it would appear with the burdens of taxes and the royalty on this new increase of \$2.69 that the producer is looking at anywhere from a minimum of four cents per barrel up to - if we go to the 10-barrel production level - and I understand this is where the majority of the wells are producing 10 barrels and above - we'll be looking at a 62 cent per barrel increase. Mr. Speaker, if these people have to close down and there's no further exploration, new exploration in our area for that mineral, is it the intention of the Government to take over the production of the oil industry in Manitoba or would they prefer it to sit in the ground and not be produced and at some future date, through the legislation that we're looking at, take over the industry - five years from now or whenever - and have it in their own hands without any problems of getting some kind of value given to the producers that are there now producing for their equipment and so on? To us on this side this is a very important question that we would like answered and we would also like answered these technical questions raised on royalties and so forth.

MR. SCHREYER: The one question for clarification from the Honourable Member for St. James, I think the second last point he made was something to this effect, that for the producer, he said, the increase ranges anywhere from a few cents - I think he said four cents - to how much?

MR. MINAKER: Mr. Chairman, on a ten barrel per day I believe that we allowed three cents for the eight mill increment and \$1.80 out of Schedule C and 34 cents for the royalty. You end up with a total of \$2.17 of the \$2.69 increase being taken off before the producer has access to it, which leaves him with 62 cents per barrel. That would be on a ten barrel per day well. But obviously on a 15 barrel per day well it drops to 28 cents per barrel if you use those similar calculations.

MR. SCHREYER: Mr. Chairman, in responding to the questions that have been put thus far I would simply indicate that I would ask the Member for St. James to run his calculations again because when he talks of the bottom range as being somewhere only in the order of four cents or thereabouts surely he is not referring to the producer. He must be

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(MR. SCHREYER Cont'd) referring to those who have either freehold or overriding royalty interest because the producer, even in the case of the larger wells upon which the incremental tax is larger, even in those cases the producer does receive an increment in share - at least an increment in the order of 30 cents or 32 cents or more and increasing, of course, to something in the order of 90 cents to 95 cents in the case of the wells that are smaller, below 10 barrels a day output. But even the large wells, the producer's share is in the order of 30 cents or graduating upwards. So did the honourable member mean the producer or did he mean to say those with the freeholder overriding royalty interests as receiving only four cents or six cents or whatever? Perhaps you could clarify it.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MINAKER: Thank you, Mr. Chairman. I'm referring to the producer that has arranged with the owner of mineral rights to produce and get the oil from that particular reserve, and I wonder, Mr. Chairman, if the First Minister could confirm with his aides that on a well that's producing 20 barrels per day or more, that the increased tax from the eight mill will be three cents - that's one thing would he confirm? Secondly, if we have read Schedule "C" correctly, that the producer, or the tax on the \$2.69 increase will be \$2.28, and further, that if there is a lease for the mineral rights that commits the producer to pay 12 1/2 percent for the wellhead increase, if we apply 12 1/2 percent to the \$2.69 we get 33.6 cents, or roughly 34 cents, so that out of the \$2.69 increase there's three cents in the eight mill increment; \$2.28 from Schedule "C", that makes \$2.31, and then there's 34 cents that is committed to the owner of the mineral rights, which could be the Province, making a total of \$2.65 that are committed out of the \$2.69 before the producer has access or use of the moneys. So if we subtract from the \$2.69 the \$2.65, the producer will be left with four cents per barrel, which could be used up if he gets a transportation increase in costs for that service - which is reported they are looking at a five cents to ten cents per barrel increase for transportation costs - that they would be worse off than they were prior to the increase of the \$2.69 in the implementation of this proposed tax.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, in all that, Mr. Speaker, the analysis is largely correct. Where the Member for St. James is under a misapprehension is with respect to the closing remarks that he made. The producer does not pay the further 12 1/2 percent to the Crown on oil production that is relating to this Schedule; what the Member for St. James is doing really is mixing together oil production on Crown land and on freehold interest -- freehold interest owned land. There is no further royalty paid to the Crown on production under this Schedule if it's on freehold held land.

A MEMBER: How about the other Act?

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition) (River Heights): I think then maybe it's necessary to clarify a position here. This Act will apply to only freehold land. The Mining Act would apply to Crown land. And the Mining Act you're proposing, you're proposing with respect to Crown land changes as well, I assume, and that's intended to be done by regulation. --(Interjection)-- Yes, it's been under regulation but I just want to clear and understand correctly that it's your intention, with respect to Crown land, to deal with this by the Mining Act by regulation, and you're going to bring that into line with this Act. All right. May I ask, have the regulations, or can an undertaking be given with respect to the Mining Act as opposed to this Act, that what we are talking about is a schedule and a formula that will be similar? So that in effect, we are talking --(Interjection)-- Well, possibly this will . . .

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MINAKER: Thank you, Mr. Chairman. I wonder if the First Minister then could advise on the 80 percent of the land or the wells that are producing on land where the mineral rights are owned by the individuals, the citizens of Manitoba or whoever owns the mineral rights, would then my calculations be correct that they would be committed to pay 34 cents; in a contract they have with the owner of the mineral rights, they would be committed to pay the 34 cents increase in royalty to them, giving a total, as we indicated previously, of \$2.65 committed either to the Province in the tax of three cents and \$2.28 and 34 cents commitment to the owner of the mineral rights, so that in 80 percent of the

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(MR. MINAKER Cont'd) cases - or that's not the correct statement, but 80 percent of the wells that are producing are on properties where the mineral rights are owned by someone other than the Crown, that in that situation, if there's a well producing 20 barrels per day or more, that the producer will only receive four cents per barrel, the net gain to him in those sets of circumstances, which I understand are quite a few.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, no, I couldn't confirm the honourable member's assumption. Certainly that's not my impression and I checked with advisers here, and it's confirmed to me that the amount that would be available to the producer would be 32 cents, not four cents. So we're back to that point again.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MINAKER: Thank you, Mr. Chairman. I wonder if the First Minister, then, could use the example similar to what I did, showing where the difference comes in, why there is a 32 cents -- in other words, you're showing that there's 28 cents more available under the circumstances that I have cited. Could he explain that?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, perhaps advisers here can attempt to plumb the depths of that question. There is perhaps a certain complexity to it. I, in the meantime, will try to outline to the Honourable Member for St. James, in list format, just how this is allocated on a per barrel basis for a well producing 20 barrels per day, because that's really what's at issue or the point of concern that's been raised. Therefore, there is a four-way allocation. The increase in the mineral tax at eight mills comes to three cents. Secondly, the incremental tax, 238 mills, applied to the price increment comes to \$2.28. And, by the way, I say this on the side; we're talking here about a base increase of \$2.69. Thirdly, increase in freehold mineral owner's share, 12 1/2 percent, comes to six cents; and finally, increase in producer's share 32 cents. And if you total it, it comes to \$2.69.

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

MR. GRAHAM: Mr. Chairman, can the First Minister tell us how he arrives at the increase in the owner's share is six cents? If you take, say it's 12 1/2 percent, 12 1/2 percent of what gives you six cents? Twelve and a half percent of \$2.69, I understand, is 34 cents. I think there is an error some place in the First Minister's calculations.

A MEMBER: 12 1/2 percent of 48 cents comes to six cents.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, that's pretty obvious and that's correct; 12 1/2 percent of 48 cents comes to six cents, and that 48 cents, where does it come from? Well that 48 cents represents the differential between the increment and the incremental tax. Isn't that correct, basically?

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MINAKER: Mr. Chairman, it's my understanding in talking with some of the producers in the past few days that there form, their contract with the mineral rights owners, is based on the wellhead price. They get 12 1/2 percent of the wellhead price. This is my understanding. It's a standard form No. 7 or something to that effect, that it indicates that they will get 12 1/2 percent of the wellhead price, so that you're looking at the gross increase, not the net increase, after taxes. This is my understanding and maybe I can be corrected if I am wrong, but this is, I believe, the understanding of the small producers that I have talked with in the past few days and this is one of their concerns. Because in actual fact, if what I am saying is a fact, the mineral right owner will be getting 34 cents where the producer will only be getting 4 cents.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, what complicates this a little further, at least makes simple reckoning much more difficult, is that there is a variation as between the wellhead price and field price, the latter being that price which is wellhead price adjusted for marshalling or transportation or transmission costs, and that varies considerably, anywhere from nil to practically nil, to fifty, sixty cents a barrel, and I wouldn't presume to try to sort of outline the rationale as to why the marshalling and collecting or transmission cost varies the way it does. It's a function of distance to some extent.

MR. CHAIRMAN: The Honourable Member for St. James.

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MR. MINAKER: Mr. Speaker, in all due respect to the First Minister, we're dealing with a difference of wellhead prices. The transportation costs existed when it was \$3.69 a barrel, that in some cases, I think at Lulu Lake, they're paying 72 cents a barrel, and in the Virden area some are paying 30 to 35 cents a barrel, but what we're dealing with is the incremental difference now, so that when you look at the 2.69 increase, and even though the wellhead price was, say, 3.69 before this increase and the transportation costs we'll say were 69 cents, then if the royalty was paid on three dollars before, now it would be paid on 5.69 if we add 2.69, because presumably the transportation costs haven't changed. So the producer is still faced with that problem, Mr. Charman, that after all the incremental taxes are applied, he is still committed, to my understanding, by contract with the mineral right owner, to pay him 34 cents, because that is still what the difference is from prior to the increase and what it is today, and this is the problem they are faced with, that they will be committed by contract with the 34 cents royalty charge in some cases, and in some cases more, so that they may have been paying only possibly - I haven't worked out - 12 1/2 percent on three dollars would be maybe 37 cents royalty, but now they will have to pay 71 cents, and this is where the problem comes in, Mr. Chairman.

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

MR. GRAHAM: Mr. Chairman, there seems to be a particular point here that, Sir, it is our contention that the Government has completely either been misinformed or has overlooked, and Sir, the Government-- I believe, Sir, anyway - is under the impression that the small producer is going to receive at least 32 -- even in the highest category he's still going to receive a 32 cent increase, and we contend, Sir, that because the Government is either misinformed or has miscalculated on the royalty that the producer must pay under contract to the freehold owner, that there is a vast difference between what is actually happening and what the Government believes is going to happen. And, Sir, if there is that problem, I was just wondering, Sir, if the Government was willing to take a quick, complete second look at this and maybe - I suggest, Sir, that maybe this should be dealt with this afternoon rather than this morning.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, there was no point in the honourable member suggesting or implying that there has not been a very lengthy review of this matter by the appropriate officials of the Department of Finance and the Department of Mines and Resources. The one unarticulated premise in this whole argument, Sir, and one that has not been acknowledged by honourable members opposite, is that there has been considerable price adjustment taking place in the past 24 to 30 months before the most recent increases were effected on the first of April, and that therefore all of the reference to increased costs of production, increased costs of doing business in the oil industry because of inflation, etc., and the use of that argument to attempt to justify allowing a larger share of this windfall to the producers, etc. ignores the fact that between 1972 and the autumn of 1973 there was a per barrel increase of about a dollar to \$1.20, and most of that has gone to the benefit of the oil-producing companies and those with overriding interests and those with freehold interest as well. I indicated yesterday the way, the pattern of oil price adjustment in the past decade - well, not only for one decade, Sir, but for two. For almost twenty years the price of oil has been constant, or practically so. And then in 1972, in early '72, it started to escalate - 1971, correction; I don't want to exaggerate the case - and it has escalated considerably, to the advantage of producers and those with beneficial and other interests in oil and property relating to oil. And they have taken the lion's share, by far the greater share, of all of that increase which has slipped by public attention. It is only the dramatic increase of last fall and this spring that has seized public attention. So honourable members simply must not forget, should not forget, that there has been a substantial increase accruing to the benefit of the producers and those relating to oil property, in 1972, 1973, and '71 as well.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I wonder if I could make a recommendation to the First Minister. The stated objectives are understood and have not really been quarrelled with. There is a problem in understanding what is taking place, and the Honourable Member from St. James has indicated his position, which show a variation, and if it's not intended - and I don't think that the Government is intending to say one thing and do another, and I want to make

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(MR. SPIVAK cont'd). . . that very clear, but I think it's necessary that there be the opportunity for some of you. There was an opportunity that was presented in the earlier stages when the Minister of Mines and Natural Resources said that his officials would be available, and they were for that first meeting. But I wonder if it's possible in this for the Honourable Member for St. James, probably the Honourable Member for Virден, the First Minister and the officials, to at least meet on this. The form that we have now and the way in which we are dealing with this now, makes it almost impossible, I think, to get to the heart of the matter, and I say this to you quite frankly. And I think that if they have that opportunity of meeting privately to be able to look at the arithmetic, and be able to understand the calculations, then the Honourable Member for St. James may determine that he's been in error or the Premier may find that there is some misunderstanding that should be clarified at this point.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, in order to expedite consideration of the matter in a way that will be better understood, I would agree to the suggestion that we proceed through the bill, let it be indicated what sections you wish held, including the schedule, I would think, and by leave we can arrange to hold the bill over; after we've proceeded with all the sections, indicate those you wish held, hold the bill over and come back to it this afternoon. And then may I ask the Members for St. James and Virден and Birtle-Russell if they have separate points or if they can collectively put their points in writing and somehow get it to me by, say, 12:30 or thereabouts, one o'clock, in written form so that we can more precisely understand the nature of their concern.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MINAKER: Mr. Chairman, would there be any possibility, after this bill is handled in the manner that the First Minister has indicated, that we could possibly sit down with the officials to go over this with them prior to the 1:30?

MR. SCHREYER: Well, yes, Mr. Speaker. Certainly that can be arranged. I would, however, once again ask that the case examples they wish to use, including the specific numbers by way of example, be in written form with honourable members, and we can arrange to meet, let us say, at 1:30 in the Members Lounge across the way as we did the other day.

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

MR. GRAHAM: Sir, I wish to thank the First Minister for that conciliation, but Sir, much of the problem, I suggest, is very difficult to put in a written form. I think we could accomplish far more in an oral and free exchange rather than trying to put it all in writing.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I did not want to imply that we would be excluded from dealing verbally with the matter, but surely it would be helpful to have one or two case study examples, or case examples, in written form.

MR. CHAIRMAN: Clause 6 - hold? (Hold.) Clause 7 - 4 (1) (a) - pass;
(b) - pass?

MR. MCGREGOR: Mr. Chairman, I think the First Minister would have to rely on his memory, but when the oil people were in here discussing this some six weeks ago, one of their delegation approached us, knowing that this wouldn't be in effect, and asked about the payments on the tax, if it came into effect in April, and I think the Minister at that hour said, "Have no fear!" or words to this effect, that as the tax has now been paid - I mean the cheques are out - the people have spent it, and inasmuch as it doesn't come into effect to the people of Manitoba till July, is there room to stretch that into the next pay? May payment isn't here yet, and as they warned - this has been calls that I've got. I don't personally recall the verbal discussion in this area because it was a two-hour shot, but they seem to be united that this was a promise from the Minister, that it would not come into effect as of April the first. Is there any . . . ?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I would be very surprised if there was any undertaking by the Minister of Mines that the application of the revised royalties would not come into effect until a date somewhat later than the first of April, because the entire exercise in analysis had been predicated all along on the fact that on the first of April there would be, across Canada, authorization and approval for the increase of the wellhead price of oil, and

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(MR. SCHREYER cont'd) . . . therefore Manitoba at no time had it in mind to depart from the schedule as it applied to Alberta, Saskatchewan, and any other oil-producing area in Canada.

MR. CHAIRMAN: (The balance of Clause 7 was read and passed.)

Clause 8, 4.1 (1) (a) - pass; (b) -- I believe there is supposed to be an amendment.

MR. SCHREYER: There is an amendment here, Mr. Chairman, and I would ask to be allowed to simply read it on to the record: That the proposed subsection 4.1 (1) of the Mining Royalty and Tax Act, as set out in Section 8 of the bill, of Bill 85, be amended by striking out the letter "(b)" in the second last line thereof and substituting therefor the letter "(d)".

MR. CHAIRMAN: Agreed? 4.1 - pass. 4.1 (2) -- I believe there is an amendment here.

MR. MINAKER: Can we have the amendment and then . . . ?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: That the proposed subsection 4.1 (2) of the Mining Royalty and Tax Act, as set out in Section 8, Bill 85, be amended by striking out the letter "C" in the second line thereof and substituting the letter "D" therefor.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. MINAKER: Mr. Speaker, maybe I heard the First Minister wrong, but that amendment that he just read, was it not under 4.1 sub (1) ?

MR. CHAIRMAN: 4.1 (1) . . .

MR. MINAKER: I had intended to speak on 4.1 (2). If we are not there, then I . . .

MR. CHAIRMAN: We are on (2) now.

MR. MINAKER: O.K.

MR. CHAIRMAN: That's the amendment changing (b) to (d).

MR. SCHREYER: Mr. Chairman, if the member agrees, of course it's his right, but 4.1 (2) to which I've moved a technical amendment, or a lettering amendment only, that is a section that I would propose be held over as well, so if the honourable member wishes to speak now or would he wish to speak after the noon hour recess ?

MR. MINAKER: Well, Mr. Chairman, I believe that the Progressive Conservative Party are prepared to speak at this time on this particular section, and if it would expedite things, we could proceed. I think unless, that upon approving this in principle that we accept Schedule C, if that is understood that we'd be accepting Schedule C, then I would suggest we wait until after lunch; however dealing with the principle of the Lieutenant-Governor in-Council having the power to change the regulation, or the schedule, by simply Order-in-Council, that we are prepared to speak on that principle at this time, but if it would expedite to deal with both matters after lunch then I would suggest we do it that way.

MR. CHAIRMAN: 4.1 (2) as amended then - hold? Could we just technically amend this (c) to (d) and then hold it?

MR. SCHREYER: The amendment having been moved is before the Legislature and the section is agreed, by leave, to be held over.

MR. CHAIRMAN: We agree just to the technical amendment and then to hold the section. 4.1 (3) (a) - pass?

MR. MINAKER: Mr. Chairman, the only comment I would like to make under this section is that in talking with some of the smaller producers in the Virden area, many of them maybe have two, three, four wells and do their own accounting, and if we understand the principle of the formula in its method of application, it will require considerable more accounting time to try and follow through with this, because it's my understanding that it will be a month by month calculation and also will involve daily productions in the calculation of some of these values. And there was a concern by the producers that there would be an involvement in a fairly complicated accounting procedure to follow, and this was the concern of the producers. I just make that as a comment, that the way they are proposing to calculate out the value for P as it is defined, that will create some accounting problems, as far as increased work and so forth. But that, I understand, is the producers' problem.

The other thing was that we would like to comment on the fact that the principle, there seems to be a principle for producing, and what will be provided in terms of dollars and cents for the producer at wellhead price. And then there seems to be another philosophy

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(MR. MINAKER cont'd). . . in regards to what will be the minimum price for taxing purposes. It's my understanding, in reading the Act, that the wellhead price can never drop below 5.80 the way it stands, and we would presume under the present conditions of the oil market that this would never happen, but it's still a concept that's being put forward, that regardless of what happens on the open market, the producer will always be committed to a minimum well-head price of \$5.80. So where in other cases, if it actually rises higher, then he has to pay the tax on that, the incremental tax, so there seems to be a philosophy here that there will be a minimum thing that the Government will accept regardless of what happens on the open market if it should, for some unforeseen reason, fall to below 5.80, and I suggest probably that it will never occur.

MR. SCHREYER: That is exactly why we are asking for 4.1 (2).

MR. MINAKER: Mr. Speaker, we will debate that one later on, but I think our concern is the fact that 5.80 is an item that is set in the Act and was a concern of the producers.

MR. CHAIRMAN: Is this the section that the honourable member wants to hold, or -- Mr. First Minister, there are two technical amendments to 4.1 (3) (a).

MR. SCHREYER: Would you read them please?

MR. MINAKER: One, I believe.

MR. CHAIRMAN: Well, two places in . . .

MR. SCHREYER: Yes. Yes, in two places, but it's one motion: That the proposed subsection 4.1 (3) of the Mining Royalty and Tax Act, as set out in Section 8 of Bill 85, be amended by striking out the letter C where it appears on the first line of page 4 and again on the first line of the paragraph in clause (b) commencing with the letter M, and substituting therefor, in each case, the letter D.

It's quite simple. It sounds complicated.

MR. CHAIRMAN: Technical amendment - passed?

MR. MINAKER: Yes, Mr. Chairman, it's just a technical thing, but I wonder where does the last change occur, where we change "C" to "D", in what part -- is that under M?

MR. CHAIRMAN: On page 4, and if you'll look under (b) you'll see a section headed M.

MR. MINAKER: Yes. Okay.

MR. CHAIRMAN: Those two technical amendments, passed? And the clause section held. Agreed? Oh pardon me, there's some more here yet. 4.1 (4) - Do you want that held? (no) Pass. 4.2 (1) - Pass. 4.2 (2) - Pass. 4.3 - Pass. Clause 8 - held.

Clauses 9 and 10 were read section by section and passed.

Clause 11, 23 (a) - I believe . . .

MR. MINAKER: Mr. Chairman, I wonder if we can have Section 11 held as well? I believe that's been changed.

MR. CHAIRMAN: Section 11, I believe there's a technical amendment there, is there not? Would you please move it, Mr. First Minister?

MR. SCHREYER: Mr. Speaker, agreeing to hold over section 11 - that was the request. Then, in holding it over, I would move now that the proposed Section 23 of The Mining Royalty and Tax Act as set out in Section 11 of Bill 85, be amended by striking out the letter "C" in clause (c) thereof and substituting therefor the letter "D"; and in agreeing to hold over Section 11, can I obtain clarification as to whether 4.1 (3), whether you, Sir, indicated it was to be held. I did not request it and I don't think it was requested, so could it be agreed to be passed? 4.1 (3) Yes.

MR. CHAIRMAN: 4.1 (3). Agreed? (Agreed)

MR. SCHREYER: Thank you.

MR. CHAIRMAN: The technical amendment in 11 - passed? And the Clause to be held. Clause 11 - Hold? (Clauses 12 and 13 were read section by section and passed.)

Clause 14 - The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, this section will be held over as well, but I would move the amendment now and have it stood over with the section.

I move that Section 14 of Bill 85 be amended

(a) by striking out the letter "B" in the second line thereof and substituting therefor the letter "C";

(b) by striking out the word and letter "SCHEDULE C" in the third line of this section

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(MR. SCHREYER cont'd). . . and substituting therefor the word and letters "SCHEDULE D"; and

(c) by adding thereto immediately after the word "production" in the last line thereof, the words, "and where the quotient obtained by that division includes a fraction, if the fraction is 1/2 or less the fraction shall be ignored; and if the fraction is more than 1/2 the quotient shall be increased to the next whole number."

MR. CHAIRMAN: Those two technical amendments - pass? And the Clause held. Agreed? (Agreed.)

Clause 15 - pass?

MR. MINAKER: Mr. Chairman, I wonder if that can be held as well, because . . .

MR. CHAIRMAN: Clause 15?

MR. MINAKER: Yes. I think it ties into the principle that we wish to discuss.

MR. CHAIRMAN: Clause 16; That completes the bill till we come back this afternoon.

MR. SCHREYER: Yes, Mr. Speaker, just for clarification. The process now would be that this afternoon the House Leader would be calling this bill back for consideration by the Committee of the Whole.

MR. CHAIRMAN: Agreed.

MR. PAULLEY: But in the interim you're going to inform . . .

MR. SCHREYER: Yes.

. . . . continued on next page

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MR. CHAIRMAN: Bill No. 95, an Act to amend the Legislative Assembly Act. What's the Committee's will? Clause by clause? Page by page?

A MEMBER: Clause by clause.

MR. CHAIRMAN: Clause by clause. Clause 1 - pass. Just hold it a minute I believe there are some amendments. The amendments being distributed?

Clause 1 - Oh I see, they have not been distributed yet. Does everyone have a copy of the amendments?

Clause 1 - pass - The Honourable First Minister. I believe that you have an amendment.

MR. SCHREYER: Mr. Chairman, there would be an addition of a section here as follows: That Bill 95 be amended by adding thereto, immediately after section 1 thereof, the following section:

Sec. 18.1

1.1 The Act is further amended by adding thereto, immediately after section 18 thereof, the following section:

Exception under Sec. 44 of the Civil Service Act.

18.1 Notwithstanding anything in this Act, or any other Act of the Legislature, a person to whom leave of absence is granted under, and who complies with, section 44 of the Civil Service Act is not ineligible to be nominated for, or elected as, a member of the Legislature, nor is he disqualified, while he is on leave of absence under section 44 of the Civil Service Act, from sitting or voting in the Assembly.

And this is really consequent to the change that was made in the Civil Service Act.

MR. CHAIRMAN: Clause 1.1 The Honourable Leader of the Opposition.

MR. SPIVAK: I just wondered if the Legislative Council have - I appreciate the intent but I wonder does the wording complete what's intended, particularly the last part, "nor is he disqualified while he's on leave of absence under Section 44 of the Civil Service Act from sitting or voting in the Assembly" Based on the changes in the Act under 44 he's entitled if leave is granted to sit in the Assembly.

MR. SCHREYER: One Act is clear and the other is less than clear, and we thought to clear up any possible ambiguities.

MR. SPIVAK: Well under the Act in its final form it was completed, leave is granted, and the person is entitled to be nominated and elected and to sit. What you're saying here that he's not disqualified if leave of absence under Section 44 - so in effect what you're saying is that this is really indicating that if there's any confusion in this Act you're just basically saying that this Act is changed Act altering the other act which doesn't.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Another way to put it, Mr. Chairman, is that the provision in the Civil Service Act is clear. We wanted to insure that the Legislative Assembly Act had a provision that was clearly worded so as to be in harmony with the section 44 of the Civil Service Act. I suppose as a layman I could argue that strictly speaking this amendment I am proposing here is not necessary, may be redundant, but that's a layman's opinion, and in order to avoid any possible ambiguity or conflict of interpretation as between the Legislative Assembly Act and Section 44 of the Civil Service Act that it was better to propose this amendment. It's complementary and certainly clarifies and avoids any possible ambiguity.

MR. CHAIRMAN: 1.1 as amended -- pass; Clause 2 -- pass. The Honourable Leader of the Opposition.

MR. SPIVAK: Well I guess this deals with the section that was in the one amendment that was withdrawn. In one of the amendments --(Interjection)-- yes. Well it was altered and changed. It applied both to a Crown agency and I guess would apply to the Civil Service, and that has to do with the ability of a person to be able to sit in the Legislature during the Session and be in a position, if the contractual arrangements are such, that he can go back to the Crown agency and work there during the period of time in between sessions. If I'm correct, and I want to follow this because there is a problem of principle involved here which I think we should discuss and agree on or see if there's a consensus on it.

At one point the Minister of Labour introduced an amendment to the Civil Service Act in which he indicated that a person would be capable of sitting in the Legislature as a member having applied under 44 of the Act, and at the same time when the session was completed being able to go back within the Civil Service in between sessions. That section was put in and that

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(MR. SPIVAK Cont'd) . . . section was withdrawn. That section was withdrawn, that amendment was withdrawn. --(Interjection)-- Yes, I'm telling you with respect to a civil servant.

MR. PAULLEY: . . . applicable only to the Crown agencies.

MR. SPIVAK: I'm sorry.

MR. PAULLEY: And made applicable only to the Crown agencies, or to . . .

MR. SPIVAK: Within the Civil Service Act itself? I think that was withdrawn as well. This really is the section.

MR. SCHREYER: No that wasn't withdrawn, it was modified.

MR. PAULLEY: That wasn't -- I don't think it was withdrawn this past - in the House.

MR. SCHREYER: It was made applicable to commercial enterprises.

MR. SPIVAK: I'm sorry, I'm wrong, it's 44 (7). But now I'd like to if I can understand how this complements it, and I think this would be the important thing, if I can. Under 44 (7) which was passed, notwithstanding subsection 6, an agency of the Government that is engaged in a commercial enterprise may grant to a person employed by it, and who's elected to the Legislative Assembly, leave of absence without pay for the duration of each session during which he sits as a member of the Legislative Assembly, and this subsection shall be deemed to have always been the law. All right. This section says, having been before he was elected as a member an employee of a Crown agency and covered by a collective agreement between the Crown agency and a bargaining agency for unit of employees that include the person continuing his employment with the Crown agency under the terms and conditions of the collective agreement. Well we have some variation because the first Act refers to engaged in a commercial enterprise.

A MEMBER: Well that's the intent.

MR. SPIVAK: Yes, but I think we have a difference in wording here and that may be something that should be cleared.

A MEMBER: If he's engaged in a commercial enterprise he has to have . . . clause.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, certainly in principle we'd be quite prepared to accept the suggestion of the Leader of the Opposition but it raises a complicating factor and that is, that a Crown agency that is of a commercial nature, that is really the intent. However if we restrict it to that by way of addition of words to restrict it to commercial enterprise, that will not cover such agencies as, for example, the Securities Commission, and you get into a problem of definition. We would prefer to leave it in the wording that is here, although I repeat in principle certainly we do not have the difficulty in accepting the suggested wording, addition of the words "commercial" "commercial enterprise". But it will cause us some legal drafting problems. --(Interjection)-- Did you suggest commissions be added?

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well the problem that I have here I guess is the definition, either in the definition section here or the definition of a Crown agency. What is a Crown agency? Is that a Corporation? --(Interjection)-- No. So it could be a commission. So a Crown agency could be a commission. You mentioned the Securities Commission; it could be the Manitoba Health Services Commission. You see what we're really talking about is essentially, I think, in one sense two different things from what the Civil Service Act implied. The Civil Service Act if there could have been, I think, reference made to hydro, to telephone, as two distinct corporations involved in commercial enterprises, and that's what I think the intent was - when we talk about a Crown agency here we're talking about the whole gamut of . . .

MR. SCHREYER: . . . get the concurring advice of the Legislative Council. Clearly, Mr. Chairman, we are quite happy to make progress, if that's the word, one step at a time. The intent here is really to relate to agencies or corporations of a commercial enterprise nature. We certainly are not continuing to force the argument or issue insofar as commissions, boards, that are of a non-commercial nature. The intent is to define or to consider Crown agencies or corporations as being of a commercial nature if they are financed in whole or in major part by their own revenues generated by their own activity, you know, as quite apart from being financed entirely by the Crown by way of appropriations or premiums, which really is not self-financing. So therefore I would ask the Legislative Council to simply prepare the wording, after the word "agency" in the second line to add the words "of a commercial enterprise nature", meaning self-sustaining.

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MR. CHAIRMAN: Clause 2 as amended. Is that agreed? Pass. Clause 3 - pass; Clause 4, section 59 (1) (a)-pass; (b)-pass; 59 (1)-pass; Section 59 (2) (a)-pass; (b)-pass; 59 (2)-pass; Section 59 -

MR. SPIVAK: I think there's a point to be mentioned here and I --(Interjection)-- Well it's following 59 (2) but 59 (1) with respect to the indemnity. Again I pose the question to the Government, and I think that this question should be determined, and that has to do with remuneration received by the Cabinet in the sense that that's not fixed within the Act, it's by Order-in-Council, and I guess under the Administrative Act. There's already been one experience that I'm aware of where this was done, not subject to an approval of the Legislature, and that's of course capable of being done, and I've indicated as I did yesterday a certain position with respect to the Premier and in doing that I completely forgot, and I must admit that that's capable of being adjusted by Order-in-Council. But I'm wondering as a matter of practice, if the Act is going to be corrected, whether in effect it should remain by way of Order-in-Council or whether it should not be fixed subject to be changed in the Legislative Assembly itself. Now that's something that may or may not have been considered by the First Minister and the Cabinet, but I pose that as a position now, and it doesn't relate by any particular concern on my part for what the Government will be doing, or is doing, and it's not meant in any way as a reflection at all on the Government in terms of any change or alteration that could occur, but I wonder if in principle at this point there shouldn't be consideration for it to be placed in such a way that it is fixed within an Act subject to change in the Legislature, and probably in the Legislative Assembly Act. And if that is a matter that should be considered --(Interjection)-- That is the members of the treasury branch itself? Yes I think so. Well I think the Leader of the Opposition is mentioned, and that's a matter of fact one of the reasons why I completely forgot. But I'm wondering as a matter of principle whether it shouldn't, and whether it should not be considered, and it may that this may or may not be a desirable thing but I think we should at least determine it at this time. Then of course we then can discuss the other feature that I mentioned with respect to the position of the First Minister. But that's not my intent. My intent is to discuss the principle of whether it should be done by Order-in-Council or by Act.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, certainly I could comment at length on the suggestion but I will just confine myself to a very brief observation on the Leader of the Opposition's suggestion. There is a certain instant logic and even appeal to the suggestion but I am afraid that it is not one that we could accept, you know, with relatively little consideration.

There are profound ramifications to it, and I admit most of them are theoretical more than real, but, for example, the idea that the Legislature by statute law would set the salary of members of the Executive Council I believe to be a complete departure from parliamentary custom and convention right up until this day. I would be very surprised if there is any jurisdiction under the British parliamentary system that does it in that fashion. And furthermore, while it is only theoretical, occasionally a member of the Executive Council is a member not of this House, at least for a few months or a few weeks, and it's certainly constitutional, but the salary if it were to be covered only by statute in the Legislative Assembly Act would preclude that possibility, which is largely theoretical, and really it would I think have a profound effect right to the roots of our system of British parliamentary government. I don't want to dismiss the Honourable the Leader of the Opposition's suggestion but we are far from ready to implement it at this time. We'd have to ponder it.

MR. CHAIRMAN: (The remainder of Clause 4 was read and passed)

Clause 5 - 62 (1) -- The First Minister.

MR. SCHREYER: Here, Mr. Chairman, there is a very simple amendment that the proposed subsection 62 (1) of The Legislative Assembly Act as set out in Section 5 of Bill 95 be amended by striking out the figures "10¢" in the fourth line thereof and substituting therefor the figures and word "15 cents".

MR. CHAIRMAN: (Clause 5, as amended and Clause 6 were read and passed)

Clause 7 (a) -- pass; (b) - I believe there is an amendment. The First Minister. 7 (b).

MR. SCHREYER: Well, Mr. Chairman, I move that clause (b) of Section 7 of Bill 95 be struck out and the following clause be substituted therefor: (b) by adding thereto at the end

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(MR. SCHREYER cont'd) . . . of clause (b) thereof the words "but not including the expenses incurred in travelling to and from a sitting of the Committee in the City of Winnipeg."

A MEMBER: . . . prejudice against your urban members.

MR. CHAIRMAN: Clause 7, as amended, and Clauses 8, 9 and 10 were read and passed)

MR. SCHREYER: Mr. Chairman, I think it would be appropriate if I were to indicate that with the passage of Section 66.4, Telephone Privileges, to indicate to honourable members that with the passage of this section it is hoped that there can be an avoidance of the sort of syndrome of problems of keeping track of members' telephone usage as has been the problem in the past. I know that the Honourable the Speaker has been quite distraught with the task he had of keeping track of the telephone calls and costs and just who it was that was placing calls to what places, etc. It is hoped that this section will obviate that problem with the honourable members' cooperation. It will narrow the list, Mr. Chairman, of those persons that the Speaker will have to track down to ascertain who was calling.

MR. CHAIRMAN: Section 11 -- pass. Section 12 - 66.6 (a) - the Honourable First Minister.

MR. SCHREYER: Mr. Chairman, there is an amendment we are proposing here in response to the concern expressed that the use of this service should not be such as to enable an honourable member to order or commandeer, if that's the word, or to certainly such as not to allow an honourable member to arrange for the specific and exclusive purpose of going from point A to point B by direct arrangement and exclusive use arrangement of government air service, and accordingly I would move, THAT the proposed section 66.6 of The Legislative Assembly Act as set out in Section 12 of Bill 95 be amended by adding thereto immediately after the word "may" in the first line thereof the words, "on a non-charter and incidental basis". That is about the best legal language we could find to make clear the intent and the constraint.

MR. CHAIRMAN: 66.6 as amended --The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I have already indicated the position to the Premier and I'd like to repeat it again. I think that there should be an addition to this with respect to the member - and I appreciate the fact that there may be 57 members who may want to be in a position to use the service, if it is available, on the basis of service into an area that cannot be reached unless there is an air facility, but I wonder in the light of what I think is the general growing concern of the Legislature for the developments in Northern Manitoba and for the problems of the remote communities, whether there should not be provision that it should apply to the member, or the member and the Leaders of the two opposition parties as such. I talked to the Premier about the Leader or his designate, but of course the designate could be 20 members within a caucus, or four members within another caucus, and I think that probably is extreme, but I wonder if there should not be that provision on that so that in effect a community is not isolated from the full political process which normal communities who are accessible would have, based on the member and the representatives from the other parties, particularly in dealing with matters in which there are concerns with respect to particular departments or administration and there is no way that there can be direct communication other than by travelling in. Now I would suggest that by limiting it in that way then there should not be concern of abuse or a misuse of this right.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, certainly the first part of the Honourable Leader of the Opposition's comment I would think is valid enough that with the changing times, changing circumstances, that there is need for greater access on a greater frequency basis than in years gone by with respect to northern regions and northern communities, and so on. It is in attempting to deal with that desire that we have made provision for, in 66.4, for really unrestricted telephone privileges of honourable members to any point within Manitoba, so that's a communication access improvement.

With respect to transport access improvement, certainly it is open to the opposition parties to allocate such amount as they see fit in their judgment for the purpose of covering the bonafide costs of transport of their Leader, or their designate, and that will vary I suppose from time to time as to just who is the individual; that's not the point here. They'll be able to allocate from those amounts of funds that are voted to the caucus research and caucus expense fund and that, as the honourable members opposite know, is being doubled, and we

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(MR. SCHREYER Cont'd) wouldn't presume to indicate to honourable members opposite as to how they wish to allocate their caucus operating funds. If it is being doubled, that means then, Sir, that on the basis of \$1,000 imputed per member it would give a fund of \$20,000, \$21,000 and \$4,000, \$5,000 in the case of the Liberal Party. They may choose to use 5, 10, 15 percent, I would think, or more if they wish, for the purpose of covering those kinds of costs that fall between the sections, or not covered by the sections of the Legislative Assembly Act and I would like to think that for the next year or two that it can be managed on that basis without restricting the necessary movement of members of opposition parties into the north on important business, such as they see fit.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Chairman. My question on this section is that at present isn't it a practice that members of the Legislature can, if there is room on a government air service plane, travel at no cost to them? Would this be a special granting to something that we don't already have access to?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I don't think it surprises anyone to know that there is always in addition to what is specifically provided for in law, there is always sort of unwritten modes of conduct which are decided on the basis of just common sense I guess I would have to say. Certainly in the past honourable members who wish to go to some northern community if there was a government air service flight en route and the honourable member could find that out by calling the Government Air Service Dispatch Office, I don't think that there would be any objection. This is handled on a casual basis, common sense basis, and if it's not abused - by abuse I mean if five or ten at any one time want to hitch a ride then it wouldn't be a very tenable arrangement. But certainly there is no desire or intention to prevent any honourable member from ascertaining whether or not there is a flight, that is going in any case to a given point, and if there is a seat available to make arrangements to go. That wouldn't pose a problem.

A MEMBER: It's the unwritten agreement, it would not be upset.

MR. CHAIRMAN: (Clause 12, as amended, and Clause 13 and 14 were read and passed) Section 15 - 68.1(a) -- The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I think in debate on second reading reservations about this matter of indexing, that are held by some members at least, were expressed by the Member for Riel and the Member for Morris. This would apply equally to this section, or to the section which we have already passed on 59 (6). But I think that their positions would adequately reflect those which I would hold at this time. It seems to me that the building in of an indexing or cost of living feature into indemnities and to allowances is somewhat difficult to reconcile with the principles of government who are serious about controlling inflation. I certainly concede that in matters of pension there is a reasonable argument for making this condition, but I do feel, Mr. Chairman, that in principle this is something which I cannot support. I may have missed the comments of the First Minister on second reading in respect to the issue as it was originally presented by the previous members that spoke, but I would appreciate hearing the comments of the First Minister in this regard.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. WARNER H. JORGENSON (Morris): Mr. Chairman, I spoke on this during second reading as well and I just want to add one or two further comments. The First Minister in introducing the bill did say that various methods of calculating what might be rates of indemnities for members have been tried. It's true that in Ontario they set up a commission to study the whole question of indemnities; they came in, as the First Minister said, with a very elaborate report; the House of Commons has used outsiders to determine rates of pay. We did it on one occasion in this Legislature and the Rules Committee accepted those recommendations and passed them on to the Government, and the Government rejected most of the recommendations. So, I sometimes wonder just how useful it is to deal with this matter by referring it to people who in many cases have never been in the Legislature, and now the First Minister is attempting to use another technique by indexing it. I just want to put it on the record that I think that this method will be equally as unsuccessful. I don't think it will work, and I think that eventually members themselves are finally going to have to come to grips with this question and as embarrassing as it is from time to time, I think we just have to

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(MR. JORGENSEN Cont'd) recognize that in the final analysis we are the ones that are going to have to make that decision, and we're the ones that are going to have to suffer the criticisms that come as a result of those decisions from time to time.

MR. DEPUTY CHAIRMAN (MR. WALDING): The Honourable the First Minister.

MR. SCHREYER: Well, Mr. Chairman, I can certainly appreciate the uncertainty, or the misgivings, perhaps even, to go further, perhaps the opposition on the part of those who have spoken thus far, to the concept that is embodied here in not only section 68 but in section 59 which has already passed, it's the same provision, and frankly I am not so bold as to presume that this will be the answer for all time. No legislature as my Honourable friend from Brandon West will know, no legislature really binds future legislatures, and if this concept approves for whatever reason to be unworkable, although I have no such fears, but less than desirable, it can be changed. The reason why we very much want to propose this and have it put into the Act is that it provides some rational guideline and formula really - it's more than a guideline it would be a formula - a rational formula for ascertaining what is the right thing to do in terms of adjustment of emolument to keep it in line with the changing world and economy around us.

At the risk of being somewhat repetitious I indicated yesterday, and repeat now, that we from time to time this and other legislatures have asked outside persons to do a study and invariably they come in with recommendations that there should be adjustments, there must be adjustments in all fairness, and that there should be some rationale or some formula upon which to determine this, and we have received suggestions such as that we should somehow tie this on a proportionalized formula basis to the salary of judges, and if not judges then the Civil Service, senior officer series, or professional officer series in the Civil Service, both of which suggestions have been dismissed by this Administration, the past Administration, and this Legislature I think would give it short shrift as other legislatures have done such as Ontario. But there is one possible rationale that I feel very confident does commend itself to the support of honourable members and all citizens, and that is to take as a base of calculation the average wage of the average of citizenry of our province, and that, Sir, the closest thing we have to that in statistical formulation is the composite industrial average wage index. I feel very enthusiastic that this is as good a rationale as it is possible to conceive of, as good a formula as is possible to conceptualize. And it --(Interjection)-- yes, and it is worth a try.

A MEMBER: It's what we apply in the Civil Service . . .

MR. SCHREYER: And I don't think that anyone can be critical of it because it relates members of this Assembly who are representing the citizen body of this province, and in their totality that is what you call average, Sir, and since we represent the - I don't want to overuse the word - since we represent by definition the average of the citizenry of our province, we therefore should be looking upon ourselves in the same context in terms of remuneration, and I say it certainly merits implementation and a try.

Having said that I want to indicate that there is need to delete Section (b) or rather sub-clause (b) in 68.1. There is no problem with respect to Section 59, which we've already passed, in terms of making the adjustment on the indemnity, but with respect to the annual expense allowance what is required is to take the percentage increase in the consumer price index and multiply it, not by the industrial wage but by the actual expense allowance as it last existed --(Interjection)-- Pardon? I'm sorry, Mr. Chairman, there is no need to make any amendment it's fine the way it is. I recommend it to the House.

MR. CHAIRMAN: (Clauses 15 to 25 were read section by section and passed)

The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, I really will have to ask indulgence of honourable members opposite for leave to go back to Section 68.1 (b) because --(Interjection)-- Yes, because the reference there is to cost of living increases in annual allowance. That is not referring to the expense allowance. It's my error. That is referring to the pension and therefore (b) really must come out otherwise it will result in a far greater increase than is intended. It just wouldn't be justifiable, and therefore the simple amendment, Mr. Chairman - I'm not formally moving it now I just want to explain it - would be to delete (b) which refers to the industrial wage index and to substitute the words "the annual allowance received under this part in the next preceding year". It should be "in the last year", I'm sorry. "In the next

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(MR. SCHREYER Cont'd) preceding year" Yes, that's right, that's right, "in the next preceding year". And that then will simply mean, all that means is that the adjustment in the annual pension allowance will be adjusted simply, purely and simply by the CPI, by the Consumer Price Index. And really that's I think quite understandable. If it's left the way it is it would mean, as I said, an increase substantially greater than what is intended. So if I could have leave I would put before honourable members that motion, that Section 68.1 be amended by deleting clause (b) and substituting the following:

"(b) the annual allowance received under this Part in that next preceding year."

MOTION presented and carried.

MR. SPEAKER: Preamble -- pass. The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I find that there is another technical problem but I believe it can be easily resolved. I refer honourable members to Page 3, Section 60 (1) which reads now as follows:

(a) An amount equal to 1/3 of the indemnity and allowance payable in respect of the next previous year, after the end of the 2nd week.

If passed in that wording it would actually result, unintentionally it would result in less being advanceable at the end of the second week than is the case now, and that's not the intent. --(Interjection)-- Well it's all of the expense allowance and one-half of the indemnity. I think the very simple way to correct it is to simply change the figure 1/3 to 1/2, and if that's agreed by leave, I would move that Section 60 (1) be amended by deleting the word and figure "1/3 in the first line of paragraph (a) and substituting therefore, the word and figures "1/2".

MOTION presented and carried.

MR. CHAIRMAN: Preamble -- pass; title -- pass. Bill be reported. Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of the Whole has considered Bill No. 85 and directs me to report progress. The Committee has also considered Bill No. 95 and directs me to report same with certain amendments and asks leave to sit again.

IN SESSION

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

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for Winnipeg Centre that the report of the Committee be received.

MOTION presented and carried.

THIRD READING - BILL NO. 95

BILL No. 95 was read a third time and passed.

BILL NO. 91

MR. PAULLEY: I wonder, Mr. Speaker, whether you would now call Bill No. 91, held by the Honourable Member for Morris.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSON: Mr. Speaker, I adjourned this debate for my colleague the Honourable Member for Fort Garry.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L.R. (BUD) SHERMAN (Fort Garry): Mr. Speaker, I intend to be very brief in my remarks to this bill, which would probably be met with considerable feeling of relief on the part of the Minister and his colleagues. The legislation I think is the kind of legislation that commends itself to all members of the House. The improvements made in the Superannuation Act and in the application of benefits payable under the Superannuation Fund are sound and laudable ones and make it a more practical and efficient piece of Legislation in terms of the realities of life in Canada today. What is being done with respect of portability is good and desirable and gives the Act, and the application of the fund itself, much more meaning, and brings it into line with the facts of working life and of pension life in modern-day society.

I've had a chance to look over the notes that the Minister distributed to our side of the House yesterday in conjunction with the bill itself, and to discuss the basic recommendations with my colleagues and we find ourselves, Sir, in total agreement with what the Minister

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(MR. SHERMAN Cont'd) proposes here. We wish to go on record as indicating our support for the legislation at this point.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I do wish to make a few comments at this time on Bill 91, an Act to amend the Civil Service Superannuation Act, and the three principles involved in the bill I do support and agree with the bill.

One of the principles, which I believe is a very good one, which prevented certain types of employment, non-permanent employment, from being classed as pensionable employment, and today that is changed regardless of whether he is on a permanent staff or not. This will apply from now on and I think it's a very good feature, Mr. Speaker.

The other principle is amending the Superannuation Act, the requirement, which the Minister indicated yesterday, the employee had to have five years service before he would be able to be transferred or take his pension along with him, and that requirement is deleted, I believe it's long overdue that in public service we take the leadership, sole leadership, because if we don't I can't see how in private industry today this same leadership will be shown or exemplified if we don't do it in the public service. I think that this type of legislation is required because of the altering concepts of the individual needs and government responsibility in the changing of our times, Mr. Speaker.

I believe that at the beginning everyone would agree that at the present time the expectancy, the age expectancy of people is much longer and people need a pension in retirement to support these people. Employee pensions, Mr. Speaker, have grown rapidly in the post-war years. It was presumed that by 1964 there were more than 10,000 plans in active operation, and certainly these plans provided added security for income in retirement which benefits both the recipients and the province, or the nation, Mr. Speaker. But I would like to indicate to you that the Dominion Bureau of Statistics survey in 1960 indicated that 8,900 pension plans were established with 2.7 million employees, but show that only four percent of the employees leaving their employer before retirement had any immediate full vesting, Mr. Speaker, and this is the reason that there is definitely a need at the present time for some standard, for some standards of portability in private pensions as well as the public pension.

I believe in the survey 31 percent of the covered employees would receive none of their employer's contribution if they left before retirement; and nearly half of the remaining covered employees would have to remain under the plan for 20 years or more to obtain all of their employer's contributions.

So, Mr. Speaker, this is an indication in itself that deficiency and the no standards that we have presently in the private sector. So I commend the Minister in bringing this Legislation and showing, and I hope that it would be an indication and some guidelines for the private sector as well, and perhaps we'll be able to deal with that as the Minister indicated yesterday through the Private Members' Resolution and a special committee to deal with that. So I will not take any more time about full vesting when the employees leave their employers.

The other very important principle in this Act, Mr. Speaker, is the amendment that provides that when the employee who resigns elects to begin receiving his pension, and his pension will be increased by the amount equal by any percentage increase in the Canadian Consumer Price Index since his resignation, if I have it correctly. That was the other principle in the bill, and I certainly do support, Mr. Speaker, the legislation and hope that this will somehow at least be some small indication that what we're doing in public schemes that will, I hope, be some measure and some indication to the private sector as well that there must be some standards because at the present time you know there is no portability, there is no standards, and I hope that during the recess we'll be able to deal with that matter. I certainly support the Legislation, Mr. Speaker.

QUESTION put and MOTION carried.

BILL NO. 92

MR. SPEAKER: Bill No. 92.

MR. PAULLEY: Bill 92, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Brandon West.

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MR. MCGILL: Mr. Speaker, Bill No. 92, an Act to amend The Teachers' Pensions Act, was described by the Minister as a bill that would add some portability to the teachers' pensions and provide for those teachers some additional mobility that they didn't have without some penalties under the pension plan in previous years. I think that it does deal adequately with these changes, and that they are changes that are certainly desirable in the pension plans.

The matter of cost of living indexing I think too is one, a principle that is acceptable on all sides in respect to pensions, and I see that some improvements have been included in this bill in that respect.

If there are any matters which might be discussed they are perhaps items which are not contained in the bill. I understand that the teachers do have some concerns about a very small group of teachers with war service who are not yet in their view adequately dealt with under this plan, and it may be that some presentations will be made when the bill reaches the Committee stage.

But in principle this is a very acceptable bill, one which we can support, and I would commend it to the Assembly.

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

MR. J. PAUL MARION (St. Boniface): Well, Mr. Speaker, we too of the Liberal Party would like to add some comment to the discussion on this bill by saying that the Liberal Party has long advocated, and actively, for the past three years some of the measures that are being invoked by Bill 92.

There's no doubt that portability as a factor that is now going to give freedom of action to a great number of teachers, and this is fully recognized in the bill. I think that we're not locking in people, we're giving them the opportunity of moving to other professions if because of health reasons, or because of ambitions in life they can best be fulfilled in other professions, and this is certainly an excellent feature that we have long advocated and are pleased to see come into being.

I think that indexing is of course something that today has become a way of life. It makes a great deal of sense, and it doesn't penalize as is the case now for a great number of people who are on pension, and who went on pension before the advent of indexing are being punished. They have to live with means that they provided for themselves when the cost of living was far from being what it is today.

Mr. Speaker, without taking any more time of this House we would like to voice our support for this measure, and some of the areas that we'd like to explore further with the Minister will be able to be explored when it's in the Committee stage.

QUESTION put and MOTION carried.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, it's very obvious there would be no point in attempting to go into Law Amendments Committee at this hour. I am going to suggest that you adjourn the House, but before doing that I would like to indicate to members that there was an agreement that members would meet at 1:30, or certain members would meet at 1:30, in relation to the Mineral Taxation Bill, and what I would intend to do for this afternoon is to go through routine proceedings and if possible go into Committee of the Whole House to consider the Mineral Bill and have it passed. Following that we would go into Law Amendments Committee to consider bills referred, and this evening I think it may be advisable to call the House for 8:00 o'clock, and then go into Law Amendments following that. So Mr. Speaker, . . .

MR. SPEAKER: Agreement being to adjourn, the House is now adjourned and stands adjourned until 2:30 this afternoon. (Thursday)