

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Thursday, April 6, 1967

MR. SPEAKER: It is my understanding the Attorney -- the Honourable the Provincial Treasurer.

MR. EVANS: Mr. Speaker, before I move the motion, may I ask the pages to take these and provide copies of the statement I made this afternoon to the Leader of the Opposition, the Leader of the New Democratic Party and Mr. Froese.

Mr. Speaker, I beg to move, seconded by the Honourable the Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider Bill No. 56.

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

COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: Section 4 (1) (c) -- We're dealing with Bill No. 56 - 4 (1) (c) -- The Honourable the Provincial Treasurer.

MR. EVANS: Mr. Speaker, I think I owe one explanation to the House which I would like to provide now. The question was raised as to why it is necessary to provide that in a trade-in similar goods must be turned in against similar goods before the tax is applied only to the difference, and I would like to try to explain that. Retail sales appear to be of two kinds. One is the acquisition of a new article one does not possess before. A second kind of retail sale may be described as follows, that one is buying a new article or a newer article to improve the quality of an article one already has. Let me use an illustration. In the case of an automobile where one turns in an older automobile against the purchase of a new or newer automobile, the retail transaction really involves the improvement or upgrading of the article in one's possession. It's a little different -- it is different, fundamentally different from the acquisition of a new article, and this is a concession under the taxing arrangements to make it unnecessary to apply the complete retail sales tax against the full value of a new article.

I think the illustration we can best use is that of the automobile. If one turns in one's present car to buy a new car or one that's in better condition, the only retail transaction is really the purchase of an improvement in one's car. Right? That improvement might be achieved another way. It might be achieved by buying extensive repairs and replacements to the present car; you could buy a new motor and put it in; you could buy a new set of wheels and put them on; you could buy all sorts of improvements; you could paint it, put on a new top and so on, and in that case it's only the improvement or the repair and the spare parts that would be taxed. So on this theory - and I'm explaining the theory behind the provision in the Act or the Bill that was drawn to attention the last time we spoke about this subject - the intention is to make a concession in favour of the people who wish to turn in their present article for the purpose of improving or upgrading or even maintaining the status of their present position. Perhaps a trifle theoretical, Mr. Chairman, but it is the basis behind the provision in the Bill. It is only goods of like character that can be turned in for credit on a trade-in and thus achieve a tax base of only the difference in value.

MR. HILLHOUSE: I wonder if the Honourable Minister would explain what would happen under these circumstances. I trade in a secondhand car for another car of equal value but of a different type, or I trade in a secondhand car for another car which perhaps is going to cost me an additional \$50.00 or 'X' dollars plus my car. Now in the first instance, is there any sales tax in the transaction; and in the second instance, is the sales tax only in the difference in price?

MR. EVANS: The answer in both cases is yes.

MR. CLEMENT: Mr. Chairman, being in the automobile business I appreciate the Minister clearing this, but there are two points that I'm sure he has overlooked, in fact he wouldn't be aware of it. Last spring the skidoos were comparatively new. Last spring we had at least one skidoo trade-in on an automobile and we have had fancy outboard motors and boats turned in on automobiles in the fall. Now these are still both forms of transportation. If a man traded a skidoo in to me this spring, a \$500.00 skidoo on a \$1,000 car, does he have to pay the tax on the thousand? Surely you don't, because when I sell that skidoo I've got to charge tax on it. Where is the difference?

MR. EVANS: It seems to me that where things are of different character -- supposedly set aside the skidoo for the moment and merely deal with the illustration we had the other night, namely the turn in of a boat against a car. Presumably if one is turning in a boat against the purchase of a car, he doesn't already have a car. Or in that event he's buying a second car or buying something he doesn't already possess in which case he pays the tax on the full value, and that is the reason behind providing that it must be like goods turned in against like goods.

MR. EARL DAWSON (Hamiota): Mr. Chairman, I'd like to ask the Honourable Provincial Treasurer why it would not be the simplest thing in the world, and I'm sure that anyone that is in the accountant business or anyone that is remotely connected with a business would tell you why not simply have a tax on the cash differential, instead of in one circumstance if you trade in a boat or a skidoo on a car, that you're buying a car and you should pay the full tax; if you're trading a car in on a car you pay the difference. Why not just one tax on the cash difference? It's very simple. It's going to save the Provincial Government lots of dollars in costs accounting.

MR. EVANS: It would be simple, Mr. Chairman, but it wouldn't reflect the purpose of the Act. The purpose of the Act is to levy a tax in proportion to the purchases that individual taxpayers make, and thus they could escape the tax by getting together a miscellany of second-hand goods, turn up at any kind of a retail outlet and say here is a certain value in goods, I'll take something in exchange. They would escape the purpose of the Act which is to cause the purchaser at the time of purchase to pay a tax in proportion to the purchase he is making.

MR. DAWSON: Mr. Chairman, I want to ask a supplementary question. I'm sure that when a government such as the one we have in Manitoba decides to put on a sales tax that they must have checked with other provinces, and do you not agree that other provinces simply have a tax on the difference, the cash difference, and it doesn't matter if I trade in six pigs on one car I pay the difference, the cash difference, and that's it.

MR. EVANS: The answer is no.

MR. GREEN: Mr. Chairman, I'm afraid I have to further compound the Minister's difficulties because the Honourable Member for Selkirk -- (Interjection) -- O.K. then, I feel much less guilty about what I'm going to ask, because the Honourable Member for Selkirk presented two contingencies, one if the values were equal; secondly, if the automobile purchased was higher in price. Now there is a third contingency. What if the trade-in vehicle is -- I get a greater allowance for the trade-in vehicle than for the vehicle that I purchase, do I then get some sort of refund in tax?

MR. EVANS: That will not be a retail purchase and the tax would not be involved.

MR. GREEN: Would it not be a retail purchase if there is a trade-in of let us say a 1966 Ford for a 1963 Volks and therefore the amount of the trade-in is higher than the value of the car purchased? That would not be under the definition of a retail purchase?

MR. EVANS: No. We're trying to make a concession in favour of the people who are trying to either maintain the value of their present car or upgrade it. There is no intention to provide financial assistance for those people who are downgrading their present holdings.

MR. GREEN: There would be no tax payable either way? The dealer would not pay a tax for taking my car in trade and I would not pay a tax for the vehicle that I purchase.

MR. EVANS: Mr. Chairman, I'm being faced with some hypothetical cases here and they are interesting. I'm asked first, is there a tax payable by the dealer? The answer is no, the dealer holds a vendor's licence and for that reason is not liable to tax on his purchase. The purchaser can take advantage of the trade-in allowance and show no balance payable, consequently no tax, that is to say a five percent tax on a nil balance or a negative balance results in no tax being levied on that transaction.

MR. I. DOW (Turtle Mountain): Mr. Chairman, I had an actual sale over the weekend and I'd like the Honourable Minister to relate this to the tax dollar. A piece of property was traded, with a cash difference, for an automobile of \$500.00. What is the tax paid on?

MR. EVANS: Well, I would give my honourable friend one general answer and that is that in particular cases I would be glad if he would submit them for a ruling. This may be a difficult case or an unusual one. In the first place, a piece of property being a real estate transaction does not come under the Act. There is no tax payable in that case. In the second place, they are not similar goods and consequently the tax would be applicable to the full retail value of the car purchased.

MR. PHILIP PETURSSON (Wellington): I was going to say in the actual administration of the Act all kinds of peculiar and strange trades can take place, and I was thinking in this

(MR. PETURSSON cont'd.) particular instance of a summer cottage being offered in trade for a trailer. Would this be classed as the same type of thing or in the same instances as automobiles, and of course there might be some cash paid either one way or the other.

MR. EVANS: I take it that the two classes of goods are of completely different character, one is a real estate transaction -- I'm sorry, a summer cottage being offered in trade for a trailer? -- (Interjection) -- Well, they are goods of a completely different character and so the item offered as the trade-in is not of similar character to the item being purchased and the sales tax would be -- I assume that the trailer would be classified under The Highway Traffic Act or whatever the thing is as a motor vehicle and that the tax would be payable on tangible personal property, namely, a trailer at the full retail sale value.

MR. HILLHOUSE: Mr. Chairman, I hope that the Minister is going to furnish all dealers with a complete book of instructions and if possible a table of logarithms so they can figure these deals out.

MR. EVANS: I am sure that whatever dealers have to deal with their particular classes of trade will have as good information as I have. I have been able to answer most of the questions so far.

MR. NELSON SHOEMAKER (Gladstone): Mr. Chairman, you don't need anything but tonight's Hansard, that's all you need if you're a dealer. Just get tonight's Hansard and -- (Interjection) -- well, you can look it up - you can look it up - this is a sales guide enough. The whole point is, as I understand it, that if you trade anything in on a car but a car, you pay the full tax on the car. We have been talking now for 15 minutes and that's my interpretation.

MR. EVANS: . . . my honourable friend if he will substitute the word "motor vehicle" for car.

MR. SHOEMAKER: Anything that has a licence on it, so if you trade in a tractor with a licence on it for a car, that's all right then? But I think it will be most useful to the retail trade and the dealers to have tonight's Hansard around, because all the questions are going to be in there and all the answers if we keep on talking long enough. Now what happens when you trade a stove in on a fridge or vice versa. They are unlike goods, or are you going to class all household furniture in one category?

MR. EVANS: I am sure there will be several broad categories. One will be furniture, the other will be such things as kitchen or household equipment, and trades within similar categories will be permitted.

MR. CLEMENT: Mr. Chairman, I wish to move an amendment. I move that the Committee give consideration to the advisability of amending subsection (1) (c) of Section 4 by deleting all the words and substituting the following: "All children and students' clothes and footwear."

MR. EVANS: On a point of order, Mr. Chairman, surely this matter has been decided once at least in principle and surely these kind of tactics aren't necessary.

MR. GREEN: On the point of order, Mr. Chairman, it occurs to me that with the regulation 28 (h), the amendment will not change the resolution because all children's clothes and footwear is then -- the meaning of children's clothing and footwear is then subject to decision by regulation, and if it's decided by regulation that it means what the Minister now says it means, then there is no effective change for (1) (c) so it will be right back where it is.

MR. MOLGAT: But it does, because the present amendment on the present Act says "in the regulation." The motion says all children's and students' clothing, so if . . .

MR. GREEN: If the Leader of the Opposition will bear with me, the change will then say all children's clothes and footwear. Is that correct? Now, I'm the Lieutenant-Governor-in-Council and I say that under 28 (h) I can define any expression used in the Act not herein defined, and I say children's clothes means; children's footwear means; and you are right back where you started.

MR. MOLGAT: Surely children have a definition.

MR. GREEN: A student that is ascribed to it by the regulation.

MR. MOLGAT: No, children have a definition outside of this Act altogether and so do students.

MR. CLEMENT: Mr. Chairman, are you going to put the question or am I out of order?

MR. CHAIRMAN: You're out of order, because as pointed out by the Honourable Member for Inkster, the Act provides that the Lieutenant-Governor-in-Council can make regulations in this regard.

MR. GREEN: If "children" is not defined in the Act, then it can be defined by regulation and you're right back where you started, and that's what I said about 28 (h). You can do anything under 28 (h). You can say that black is white and you can say that Liberal is Conservative if they happen to be in the Act - if they happen to be in the Act.

MR. MOLGAT: ... NDP and Conservatives synonymous, that's all.

MR. CAMPBELL: Mr. Chairman, with all due respect to the point raised by my honourable friend the Member for Inkster, he is not yet in possession of the fact that we propose to make this change at this time, if the Committee will agree, and then change the (h) of 28 when we come to that place because it is much too wide, much too wide in our opinion, and what we're attempting to do is make these necessary changes as we go along and the present one is primarily, but not wholly, to get away from this matter of regulation. Now all of us have - all of us on this side of the House have been agreed on the fact that we don't want any more than is absolutely and fundamentally necessary left to the regulations, and we -- (Interjection) -- Three percent? My honourable friend the Member for St. John's wants to revert to the discussion on three percent? If he does then I merely comment on the fact that my honourable friend apparently does not prefer three percent to five percent, so that's the only comment I can make on his comment.

Now, to get back -- (Interjection) -- Yes, that's all the suggestion was worth, I agree. I think, Mr. Chairman, that on that basis you certainly can not rule this motion, this amendment out of order, because we make this one; we will later on make an amendment to 28 (h).

MR. CHAIRMAN: ... to make a motion on the basis that a motion will subsequently pass which will put the present one in order.

MR. MOLGAT: Mr. Chairman, what is out of order in the present motion?

MR. CHAIRMAN: It's already covered in the Act.

MR. MOLGAT: No, Mr. Chairman, it adds students for one thing. The present section doesn't say anything about students; the amendment does.

MR. EVANS: I raised the objection in the first place - and I find I may have been mistaken - on the ground that Item 4 (1) (c) had passed. I see now that -- (Interjection) -- I wonder if my honourable friend would just allow me to complete my statement. -- (Interjection) -- Well, just allow me to complete my statement and you will see that I agree. I raised this on the assumption that the item had passed. I recognize now that an amendment was offered; the amendment defeated. I remember now therefore that a second amendment is in order if somebody wants to put it forward, so if my honourable friend had let me complete my statement he would have seen that I agreed with him. It's very difficult to argue with somebody who agrees with you. So the amendment is in order.

I must offer an explanation as to why I can't agree with it, and that is the impossibility of administering such an arrangement as my honourable friend proposes, because how do you determine at a retail sales counter who is a child and who is a student. So on the grounds discovered in other jurisdictions that the size of the garment is the only practical way to administer such a concept as children's clothing, I must say that I don't agree with the amendment that's been offered.

I hold in my hand the Thursday, April 6th issue of The Globe and Mail, which is just to hand today, and I don't know whether my honourable friends can see that across the page are the figures of four girls and they're all of the age 11, and you can see that the first one is 60 inches in height, the second 63, the third 57 and the fourth is 55, illustrating the difficulty of trying to establish an age designation for children, or children for whom an exemption should be provided for the sales tax. And when you think of the administrative difficulty there would be in requiring a parent, or whoever is making the purchase, to provide either a signed statement or affidavit or whatever, at a retail counter when endeavouring to buy clothes for someone who is described as a student, well how many students do we have these days? There are students that run up to the age of 60 and 65 years and it would be very difficult to distinguish their clothing as being tax-exempt from the clothing of ordinary people who don't happen to be students. I think most of us all our lives are or should be students.

I commend to my honourable friends the issue of the Globe and Mail that I have just referred to as illustrating the reason why on practical grounds it's not possible to distinguish clothing to be tax-exempt under the classification of children's clothing except by size, and that is the basis I propose to adopt. I have dictated on to Hansard the detail of the sizes which, with some modification, that I propose to issue on regulation.

MR. CLEMENT: Mr. Chairman, as I see it, our point in the Opposition is to do what we can to help people with this sales tax that really need the help. I as a farmer can have half a dozen, if I want, \$15,000 combines and I don't pay a cent of tax. Now I'm a champion of the farmer and I'm not against this, but perhaps the Honourable Member from St. John's - I don't know - may have a high school student, he may have a couple of daughters in university, and surely to goodness the average working man or woman who has children going to school really needs this tax concession more perhaps than the man with the \$15,000 combine.

I realize there are some problems, but when you say "children" - I think you mentioned size 14 (h) or 14 something, 14 (c), the other day - surely if a child is 14 she's perhaps, or he's perhaps in Grade 9. What is the difference between being in Grade 9 or being in Grade 12 or the second or third? I have a boy in university and I know what it costs to keep a boy in university and I'm not complaining, I can afford to keep him there, but there are many people, young people going to university today who have to go out and work all summer long to get enough money to go there; they have to come and borrow money to go there. Surely these people shouldn't have to pay tax to buy clothes and things like this. I know that my son has got something to say he's a university student. He goes to buy a suit, pair of pants or a shirt or something, he hasn't any trouble to show he's a student and he wouldn't have. It would simply mean that going to school as a student you would have something in your pocketbook to show you were a student. I think this would be a great help and this is the purpose for bringing in this resolution, "children and students' clothes and shoes", and I respectfully ask for the support on this resolution.

MR. EVANS: Mr. Chairman, perhaps the honourable member will allow me to remark that I never at any time mentioned child or children, that I simply mentioned children's clothing or children's clothes being a recognized item of the clothing trade in Canada, to be further described in the regulations much according to the sizes that I dictated on to Hansard the other day.

MR. DESJARDINS: Mr. Chairman, the Minister keeps going back to size and he tells us, well the reason for this is it would be very difficult to minister the tax or collect the tax any other way. Well, let us repeat again that we understand this, we understand that it's difficult, and this is why I moved a motion a few days ago about setting up to \$100.00, and I explained at the time that if he wanted a schedule it could be \$20.00 or so for shoes, that was fine, because we wanted not to have any discrimination, but he's never answered this yet.

Now we've got a motion that deals with students and children. Now he keeps coming back to this, that it is difficult - these are his two points, all through this Bill and especially where we're dealing with clothes - it would be too difficult to collect and this is what they do somewhere else, in other provinces. But we say that this can be and it is discrimination, and when a tax is not just, it doesn't matter how difficult it is to collect, you back away and you try something else if you want revenue.

Now you might have students - he shoed us himself - the same age, you might have somebody wearing a size small enough that they would qualify for an exemption, or somebody even older, and this other child who is more developed, who is bigger, will need some other clothes and will not qualify, and this is discrimination. There's no other way, and the Minister hasn't denied that. Well, he can't. How can you say -- did he say it was nonsense? Well, I'd like him to prove that it's nonsense. How can it be nonsense? You have somebody 13 years old that does not pay taxes and you have somebody 12 years old that will. And he says this is nonsense. This is discrimination and I say that the people that have to get clothes a larger size are already paying more. They are. Some children have to go in the man's or women's shop to buy clothes. I know the Minister thinks this is nonsense and he won't even face us when we talk to him and he doesn't even answer these things. But I think that he should tell us.

MR. EVANS: My honourable friend has made a personal remark in this connection. Just because I can't bear to look at him doesn't mean that I don't listen.

MR. DESJARDINS: All right. That's right. You can't bear to look at me, you can't bear to look at the people of Manitoba. All you can do is stand up in an arrogant way and tell us what they're doing in other provinces. And you can't stand on your own two feet. You might think that's funny but you can't face the people of Manitoba because all you know is how to discriminate. You're stuck with this tax, you won't let go. You don't care, you don't seem to think that it's important, you don't care if it's discrimination or not. All you can go is go back on sizes and so on. -- (Interjection) -- Yes, that's right. That's exactly what -- I wish I could say that. The question is, can you answer, can you say that this is not discrimination?

(MR. DESJARDINS cont'd.) Can you say that?

MR. CHAIRMAN: The motion before the Committee is that the Committee give consideration to the advisability of amending subsection (1) (c) of Section 4 by deleting all the words and substituting the following: "All children and students' clothes and footwear."

MR. CHAIRMAN put the question and after a voice vote declared the motion lost.

MR. CLEMENT: Ayes and Nays, Mr. Chairman.

MR. CHAIRMAN: Call in the members.

MR. PAULLEY: Mr. Chairman, would you mind putting the motion. I just came in.

MR. CHAIRMAN: The motion is that the Committee give consideration to the advisability of amending subsection (1) (c) of Section 4 by deleting all the words and substituting the following: "All children and students' clothes and footwear."

A counted standing vote was taken, the result being as follows: Yeas, 26; Nays, 28.

MR. CHAIRMAN: The motion is lost. 4 . . .

MR. DAWSON: Mr. Chairman, I would like to move on subsection (1) of paragraph 4 on Page 6, that all items purchased as clothing and footwear up to the value of \$25.00 be exempt under the Revenue Sales Tax Act.

MR. CHAIRMAN: He just says 4 (1), he doesn't . . .

MR. ROBLIN: Mr. Chairman, could that not be rephrased in the proper way, "to give consideration to the advisability of."

MR. DAWSON: I'm sorry, Mr. Chairman, I should have said give consideration to the advisability of."

MR. CHAIRMAN: The motion before the Committee then is "that the Committee give consideration to the advisability of providing in subsection (1) of paragraph 4 on Page 6 that all items purchased as clothing and footwear up to the value of \$25.00 be exempt under the Revenue Sales Tax Act."

MR. DAWSON: Mr. Chairman, I would first like to point out that we don't seem to be getting anywhere when we mention the fact that children's clothing should be exempt hence the different type of resolution. I think that the basic need for children - for a boy or girl of 14 years and up - has been established at \$175.00 per year. Any child under 14 to clothe him properly -- and when I say properly I don't mean in excess or any luxuries at all -- would be \$100.00. To clothe an adult -- and when I say an adult I mean a medium income type family -- would be \$250.00 for the man who is working and the woman would be slightly less. So let us take a family of five children with a mother and father earning \$3,000 a year -- and when I use the figure of \$3,000 a year I am positive, because I have researched it, that the majority of families in the Province of Manitoba earn under \$3,000 per year. The fact is that a family of five children and two parents would pay in excess of \$60.00 a year only for a sales tax on clothing should this particular clause of the sales tax go in. Once a parent has paid for rent, food, light and heat, \$60.00 becomes a big item. Now I am positive in my own mind, and I am sure that many of you sitting across the way will agree that the ones that will suffer are the children; I am positive that the parents will not cut down on the luxuries that they have been accustomed to. The wages are not going up. If a parent has X number of dollars for entertainment -- and when I said a luxury I should have said the weekly show or something like this or maybe one beer a week or maybe one drink a week -- they will not cut down on this. If they're going to have to pay tax, they'll be cutting down on what the children will receive and this will probably mean that the children will be deprived of X number of pieces of clothing so that the government may collect its tax.

Now I know that the Honourable Provincial Treasurer tells us that it is impossible to administer this tax under the sizes or the various sizes, and I would agree that he has certainly told us the truth when he says it's impossible to administer under the sizes, and I wondered why he was prepared to go ahead with 14 and up because I do believe it is an impossibility to administer this under these sizes. I think the simplest solution would be the type of resolution that I have - or amendment that has been presented here this evening that any type of clothing that is up to the value of \$25.00 whether it be footwear or clothing, to clothe any person, would be tax exempt. I'm firmly convinced that this type of resolution would be hitting at the person who is in the low income type of bracket. This tax, as many of us on this side of the House have said before, is definitely aimed at the low income group and the low wage earner. It has been proven across Canada that the people who pay in the long run when there is a sales tax in existence in a province is the wage earner, particularly the low wage earner; and I would strongly urge the members on this side of the House and those on the other side to give this

(MR. DAWSON cont'd.) resolution due consideration.

MR. EVANS: My only comment ...

MR. PAULLEY: ... read the motion again for clarification purposes. Read the motion again, not put it. -- (Interjection) -- It's my prerogative, Mr. Chairman, at any time if I'm not interrupting a member at the time he is speaking to ask the question be placed before the Assembly.

MR. CHAIRMAN: That the Committee give consideration to the advisability of amending subsection (1) of Section 4 on Page 6 by providing that all items purchased as clothing and footwear up to the value of \$25.00 be exempt under The Revenue Tax Act.

MR. EVANS: ... my honourable friends question?

MR. CHAIRMAN: Subsection (1).

MR. EVANS: I don't know what my honourable friend from Birtle-Russell's experience is. My opinion of people is much higher than his; his opinion of the people he knows is that they will sacrifice their children's clothing and their children in order to be able to buy a few additional beers or luxuries for themselves. I have the opposite view, I think the people I know and the people that I come in contact with are such that they will look after their children first and if they have money left over they will buy their luxuries and their beer. I'm sure it'll be interesting to my honourable friend's constituents that he holds that opinion of them, but it doesn't convince me that I should support his amendment.

MR. CLEMENT: Mr. Chairman, I'm sure the Minister meant the Honourable Member from Hamiota, but he did say the Member from Birtle-Russell.

MR. EVANS: I apologize. I got the constituencies mixed up. I'm speaking of the last member who seemed to hold such a poor opinion of the people of Manitoba.

MR. DAWSON: On a point of order, Mr. Chairman.

MR. EVANS: If my honourable friend will take his seat until I finish speaking he'll have his opportunity. When I have finished my remarks, my honourable friend or any of them may take the floor. Now I have concluded my remarks and if my honourable friend has anything to say about his poor opinion of the people of Manitoba he may say it.

MR. DAWSON: Mr. Chairman, I don't think I have anything to say because I would consider that the Honourable Minister made these remarks in defence of his program which I think the people of Manitoba are prepared to tell him is no good. I was not degrading the people of Manitoba, I was merely thinking of the young people of Manitoba and the poor people of Manitoba who through the poor results of the government on the other side have not been given the opportunities in this province to better themselves.

MR. DOERN: Mr. Chairman, may I ask a question of the honourable member for clarification? Are you referring to all purchases. We're dealing with children's clothing in general but do I gather that you're referring to purchases of children's clothing up to \$25.00, or all purchases.

MR. DAWSON: I'm referring to all purchases of clothing under \$25.00.

MR. CHAIRMAN presented the motion.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I haven't taken part in the debate tonight and I don't want to take up too much time right now. It just appears to me then -- I don't think the resolution specifies children's clothing, does it? I think it's just clothing in general. Any item under \$25.00 would be tax free? Is that correct? (Yes).

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

MR. DAWSON: Ayes and nays please, Mr. Chairman.

MR. CHAIRMAN: Call in the members.

A counted standing vote was taken, the result being as follows: Yeas, 26; Nays, 28.

MR. CHAIRMAN: The motion is lost.

MR. JOHNSTON: Mr. Chairman, I have an amendment to make that if the government will consider it, it will not cost them that much in lost tax. It is to do with the homemaker who wishes to make the clothing for the family and my amendment would be to exclude from taxation any clothing material that is sold by the yard or the bolt. Now for those who can afford to pay \$20.00 for a child's dress, the government says if it's over size 14 well they'll have to pay the tax, but if a homemaker of modest means wishes to purchase material and make the clothing I think that she should have this one small exemption. So, Mr. Chairman, I wish to make an amendment, Section 4 subsection (1) (c) where it reads: children's clothes and children's footwear as defined in the regulation and I move the following amendment for consideration --

(MR. JOHNSTON cont'd.) (Interjection) -- Pardon.

MR. CHAIRMAN: Have you got it written out?

MR. JOHNSTON: Yes. For the advisability of the Committee, and it reads as follows: "and any clothing material sold by the yard or bolt."

MR. CHAIRMAN: You haven't written out the motion.

MR. CHAIRMAN put the question.

MR. CHAIRMAN: I'll read the motion again: that Committee of the Whole give consideration to the advisability of amending Bill 56, clause 1 (c) of Section 4 by adding the following words, "and any clothing material sold by the yard or bolt."

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

MR. CHERNIACK: Ayes and Nays, Mr. Chairman.

MR. CHAIRMAN: Same Division? Agreed? The motion is lost.

MR. CHAIRMAN: Section 4. (1) (c)—passed; (d)—passed; (e) . . .

MR. CHERNIACK: On item (e), Mr. Chairman, I have been waiting for this item because I think that it has major significance and that I do request all members to consider carefully. . .

MR. CAMPBELL: Mr. Chairman are we on (e) now? Well I have an amendment on (d). I was not - well I know it's passed, but we were going pretty fast after a little . . . My amendment will be approved - if my honourable friend will excuse me - it will be approved on (d) because I'm sure that it will meet with approval. I just want to add at the end of (d) the words: "or is sold and bottled by the Attorney-General through the Government Liquor Control Commission." -- (Interjection) -- Oh, you'll accept that?

MR. CHAIRMAN: (d)—passed; (e) . . .

MR. CHERNIACK: . . . to have that type of interruption. I want to repeat, Mr. Chairman, that our Party is opposed to this sales tax and does not feel that this government should be entrusted with the administration of it. We don't accept the sales tax; we don't accept it at five percent; we're not willing to settle at three percent, and I know the Honourable Member for Lakeside seemed sensitive about his vote or that of his Party in favour of a three percent tax, but nevertheless that's his privilege and right. -- (Interjection) -- The Honourable Leader of the Opposition is quite willing to put words in other people's mouths but all I know is how the vote went. There was a vote in favour of the three percent tax by the Liberals; there was not a vote by the New Democratic Party at any percentage of tax and the record speaks better than does the Honourable the Leader of the Official Opposition.

MR. MOLGAT: Just go back in the original vote, you'll know . . .

MR. CHERNIACK: The Leader of the Official Opposition of course I suppose is embarrassed by his vote and I don't blame him for it.

MR. MOLGAT: Keep on squirming Saul, you're doing well.

MR. CHERNIACK: For a person who squirms, it seems to me that the person sitting down is closer to the squirming position.

MR. CAMPBELL: Methinks the gentleman protests too much.

MR. CHERNIACK: It's only because the Honourable Member for Lakeside seems to be aroused so easily. I thought with his experience he would be able to ride the waves and buffets of fortune better than he does. Nevertheless, I do want to come back to the question of drugs and medicaments, Mr. Chairman, and point out that this government has recognized that food shall be exempt, as did all members of this Committee, in subsection (a). The reasoning I presume is that food and drink for human consumption is a necessity and a necessity which is borne by all people regardless of their financial ability and regardless of their financial worth. It seems to me, Mr. Chairman, that when we recognize that drugs sold on prescription are entitled to exemption, then in all good sense we ought to recognize that drugs and medicaments are items which are purchased by people for necessary health purposes. There's no pleasure attached to the purchase and consumption of drugs and medicaments. People don't rush out as a luxury in order to purchase these goods. There are many people who misuse food and drink but few people who find it necessary to purchase drugs other than those which they need. Drugs, too, are not equally required by all people but are a burden on the sick and this cost to which they are put is a burden on the sick. I don't think we need to stress at too much length the high cost of drugs. We've discussed it here in the past. There is a high cost of drugs which are of the prescription type; there's an equally high cost of drugs and medicaments which are not of a prescription type. There are many items which are purchased by persons for whom it is necessary. I look occasionally at the little bottle that my Leader carries with him for the purpose of improving his inhalation requirements and I know

(MR. CHERNIACK cont'd.) it's a very costly one. All right, if we're going to make a joke of that - if members of this House want to joke about my Leader's need to carry around that little bottle for improving his inhalation requirements, I'll have to spell it out to those who may be ignorant of his problem. I don't know how many have seen that he has to carry an inhaler with him in order to be able to breathe on occasion, and I don't consider that funny. And I don't consider even the other suggestions that could be used to base this as a joke as funny. Nevertheless I know that's an expensive item and I also know that is not purchased on prescription. It is purchased at a drugstore only for the purpose for which it is used. And that's only an example of a great many of such similar items.

Now in order to come within this exemption, a person can of course get a prescription. A person can go to a Doctor who says take aspirin for this or the other purpose, and say well give me a prescription so I can take my proper exemption under the Act. And there's no reason in the world why that prescription should not be obtained from the Doctor. I think it would be presumptuous to put the burden on the Doctor in order to prepare and give a prescription for that purpose and yet this government recognizes that when a prescription can be used then the purchase should be exempt. It seems to me that we ought to recognize that just like food and drink is recognizable and should be exempt, so should drugs and medicaments.

Now the Honourable the Provincial Treasurer did say the other day in connection with some other item that my calculation has been based on this projected income, that is my budget, I cannot change it. I may be paraphrasing what he said but I'm pretty sure he said it, he meant that. And I want to suggest to him that he really doesn't know, not having had the experience, just what his income will be out of this sales tax Act. He cannot have calculated so closely that he cannot afford to make some changes in it which are right and proper and ethicable and which I believe he will think so. The fact is that the government in its budget is budgeting for a deficit right now on the budget that is before us under estimates. And if there is some slight variation which is based on a change in a proper direction, then I think that that argument would not hold water. So I urge strongly on the Honourable Minister that he accept the principle that drugs and medicaments are necessities which are purchased for health purposes and should not have to carry a prescription with them in order to have the exemption under the Act. And in order to assist him in making this possible, I move, Mr. Chairman, that the Committee of the Whole give consideration to the advisability of amending Section 4 (1) (e) by deleting all the words except "drugs, medicaments, dental and optical appliances."

MR. CHAIRMAN: Are you ready for the question? The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): It seems that I had the same amendment as the Honourable Member for St. John's - I was going to move the same amendment.

For the past few years we have been quite concerned about the high cost of drugs not only in our province but right across Canada and I understand a special committee of the House of Commons have just tabled a report recommending the government to repeal the sales tax on drugs and it seems to me quite strange that this government here would be just doing the reverse - putting a five percent sales tax on the drugs. I did a little research and checked with a few drug stores and I am informed that people on Old Age Pension and Old Age Security spend considerable amounts of money on drugs, as sort of self-treatment remedies. I'm told that some families spend as much as \$60.00 a month and the average family spends anywhere between \$15.00 and \$20.00 per month on prescribed drugs, so I can't see any reason why we should be putting a tax on the drugs at all.

Mr. Chairman, I would say that almost every house would find anywhere in the neighbourhood from 25 to 30 different types of drugs - we would find this many type of drugs in almost every household. I would just like to name a few that seem to be found in almost every house, that every family uses. When we go under the analgesic group you find the aspirins, anacins, 217's, 222's, the Bufferins, Instantine; under the laxatives you have glycerine, Agarol, Milk of Magnesia; under the antihistamines you've got Drisdan, Contact C; cough syrups, Benlyn, Vicks 44, Buckley's throat lozenges. I'm sure that almost everyone here would find many of these drugs in their own household and I would say that many of these become a necessity in a household. We also have certain vitamins for the babies that are not prescribed; baby formulas as well. I don't see any reason that the government should be putting the sales tax on these drugs. So I am going to support the amendment of the Honourable Member for St. John's.

MR. EVANS: Mr. Chairman, I'm going to support the principle of the motion as well and

(MR. EVANS cont'd.) I would like on this occasion to say how much I appreciate the discussion of this particular item.

The Honourable Member for St. John's put forward a very well reasoned argument in support of an important principle, an important matter, and I'm happy to say that I agree with his arguments. My honourable friend from Assiniboia supported it with some detail and prepared himself with the same general approach to the question.

The principle of making necessary medicaments, drugs and like materials available to those who are sick is the right principle. It was always intended from the beginning and this discussion has apparently developed a point which legal counsel has advised me isn't necessarily the case, and that is that it's only on a particular written prescription by a medical man that these things can be prescribed. It could be interpreted that way, and so I have prepared for myself and prepared to offer at the proper time an amendment which apparently requires the consent of His Honour, because to exclude anything from other things which might be otherwise assumed to be taxable, does put a further burden on the Consolidated Revenue and so it is considered that this must be introduced by a message. Consequently I am prepared at the proper stage and I suggest that it might be at the end of one of our sittings, to offer an amendment which would add immediately after the word "veterinarian" in the second line, the words "or deemed by the Minister to have been prescribed by such a person." That would be intended to include the class of things, many of which I'm sure that my honourable friend from Assiniboia referred to - analgesics of various kinds, whether that might be taken to mean such things as aspirin or 217's or the other kinds of particular patent medicines he referred to, I'm not prepared to say at this stage. He referred to laxative, he referred to antihistamines, which are undoubtedly taken, as far as my experience goes, to the prevention or relief of an existing illness; cough syrups, lozenges. When it comes to such things as vitamins and baby formulas, I think they might well be regarded as foods anyway. That's a borderline case.

But in making regulations under the Act and including or excluding certain items, it would be my intention to seek the advice of the responsible medical authorities and if an item is such as described in this amendment, that is deemed to have been of the same character as a prescription drug or one designed to relieve or cure illness, it will be included in such a list. And so I accept the arguments and I hope by doing this that I demonstrate to the Committee a willingness to consider positive constructive suggestions. I repudiate the idea that I would have included such things as drugs required by people who are ill merely for the purpose of raising money. My honourable friend from St. John's is correct. The amount of money would be very small, but I would not tax the sick in order to raise money. I repudiate that idea.

So in that event I am prepared at the proper stage to introduce an amendment which will accomplish the purpose spoken about in the amendment. I do suggest that the Member from St. John's consider withdrawing, by consent, his amendment - and it's a very difficult question to put to him in his absence - because it's out of order and requires "give consideration to . . ." -- I don't want to vote against it because I want to support it, but I can't support it because it must be introduced following a message from His Honour the Lieutenant-Governor. Now how do we get out of our difficulty?

MR. GREEN: Mr. Chairman, I believe that the Honourable the Member for St. John's amendment was worded as all the other amendments were to have been worded and therefore I think it is in order and although we feel that the Minister's at least softening to some of the positions that we've put, I'm afraid that speaking for the Member for St. John's that I'm sure that he wouldn't consent to the withdrawal of his amendment because the Minister's position is to change the Member for St. John's amendment into something which will be left to Ministerial discretion, which is one of the things that we have been arguing about; that is the Member for St. John's -- and he's here now, but I'll just continue my remarks -- the Member for St. John's would have the legislation say that drugs, medicaments, dental and optical appliances would be exempt. The Minister says that he is going to introduce an amendment and is willing to introduce an amendment which would exempt such things which are deemed by the Minister to have been prescribed.

Now I hope the Minister will see that there is a substantive difference in the amendment that's put forward by the Member for St. John's, which would make these things exempt by legislation and the amendment which the Minister puts which would leave this to "Ministerial discretion." I think that although we are happy that we've softened the Minister somewhat, I'm sure that I would be speaking for the Member for St. John's in saying that he would not want this amendment withdrawn. He would still hope it would carry because it differs in principle

(MR. GREEN cont'd.) from what the Minister is suggesting.

I don't know whether I properly put his position. He's here now.

MR. CHERNIACK: Mr. Chairman, I apologize; I was called out of Committee for a few minutes. I missed of course what was said by the Honourable Minister but I think I picked up the gist from the Honourable Member for Inkster.

I don't quite understand whether or not there is a clear-cut definition of drugs and medicaments and he says there is not. I would think there would be and I would think that a pharmaceutical chemist would be able to describe that and possibly even add it into the definition section. But I don't understand that there's any clearer definition of what is deemed to be prescribable as I understand is the idea, because I know that doctors prescribe diets and they write them out on prescription forms. That includes things like grapefruit and orange juice, and of course that's food so you might say well that's taken care of. But nevertheless a doctor in his wisdom can prescribe anything, whether it's salves, or ointments, or bicarbonate of soda; all these things would be drugs and medicaments and I think that, although I'm very pleased at the Minister's indication that he recognizes the principle and the philosophy behind the amendment, yet I think he knows that we are opposed to the "Ministerial discretion" in regulation form which does not spell out at all just what it is we're talking about.

I would like to think that there is a definition, and I'm sure there must be, and I would think that it would be better clarified if it were left this way and then a druggist could define it probably better than could the Minister. I would suggest to the Minister that just as he has said food and drink for human consumption, so could he say drugs and medicaments, just as he says artificial limbs, etc. I really don't see the need -- and I'm sure it's not a question of face-saving on his part; I'm quite convinced of that -- but I don't see the need for reserving this for a future date which is really what this intention would be.

However, Mr. Chairman, now that I have my leader at my side and he's able to direct my thinking along Parliamentary ways, I will report his suggestion that this item could be held to give an opportunity to the Minister to investigate the proper wording and possibly the next time we meet, assuming that we will not pass the entire Bill in Committee tonight, then we could come back to this and deal with it. I would be quite pleased to suggest this item be held; we proceed with the other items and then come back to it.

MR. EVANS: There's one point that my honourable friend may not have had in front of him for his consideration of the matter on this second round, and that was that I did say - I enunciated the principle that the government, named the Minister, the government would act on qualified medical advice to determine the things which should be called, of the type or articles which would be prescribed by such a person, it's a phrase that's used to describe them. I would say that if someone said to me that such things as inhalers, for the relief of an existing condition -- (Interjection) -- The question has already been raised. I would say that surely on qualified medical advice, anyone in my position would say that's the kind of thing that should be included in regulations.

Then my honourable friend from Assiniboia raises a variety of things such as, certainly he mentions aspirins and 217's and laxatives and then got down to a variety of other things. I would seek medical advice to determine the things which would be of the type that could be expected to be prescribed for under medical arrangements. I think our main hope here is to evade such things as cosmetics, perfumes, other kinds of things and perhaps some of the borderline things. -- (Interjection) -- Well there are some things that do come on a borderline. -- (Interjection) -- Pink pills for pale people is the thing I remember from my youth, but there are things that are now advertised which make it difficult to determine whether they are a cosmetic or have any medical quality. There are a good many things like shaving creams which advertise the fact that they have great medicinal quality for the skin. I would seek medical advice before determining whether they should be included or excluded under such a clause as this, and that is why I seek authority to make those determinations and enunciate the policy that I would include in such a list only those things that have medical or curative or do partake of the quality of drugs or medicaments in such a list and try to exclude those things that are really cosmetics and other things that try to sneak in under sometimes spurious claims of medical quality. So I do hope that I will be allowed to have this discretion to include and exclude items in the list.

MR. CHERNIACK: Mr. Chairman, we have yet to come to the appeal provisions and we have yet to come to the opportunities that there will be available to review the Minister's decisions on whether or not the tax is applicable in certain places. I think that's right and I would

(MR. CHERNIACK cont'd.) be much happier to leave it to an impartial authority to review an occasion which may arise when some cosmetic or some other similar item is taxed by the Minister as being not a drug or a medicament than to leave it entirely to the Minister's discretion because I think that is wrong. I think there ought to be an opportunity to argue. He may discuss it with some competent physician who may have another one disagree with him, and I think that since we are recognizing the appeal provisions as being necessary, so do I think that there would be interpretation available at the time when a specific item is referred to, because frankly I thought it was an interesting exercise for the first 15 minutes to throw all these hypothetical examples at the Minister and I certainly admire the calmness with which he dealt seriously with each of these items, but I think that it should not be necessary for the Minister, even with competent advice, to have to forecast presently hypothetical cases for the future. I would rather the Legislature made it clear that we mean drugs and medicaments and we mean dental and optical appliances, and then leave it for interpretation when the occasion arises if there is a difference of opinion.

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MR. JOHN P. TANCHAK (Emerson): Mr. Chairman, the Minister tells us that some inclusion may be made where an article is deemed to be under prescription, if I got it correctly, so my suggestion would be that we could easily amend this by putting drugs and medicaments when sold on prescription or deemed to be under prescription of a physician, dentist and so on - or deemed - we could add those two words, because it seems to me that if we pass this tonight then it would become law.

But there's another matter that I wanted to bring before the House and that's the matter of animal health products, and by that I mean all these drugs and medicaments used by the primary producer in the feeds or in order to keep his animals healthy, and I noticed the words "or veterinarian." The Minister hasn't mentioned once the words "or veterinarian" in his remarks that he had made. To me it seems the taxing of animal health products would be contrary -- taxing of animal products would be contrary to the intent or to the principle of the Bill, because most of these animal health products used by the primary producer are used in the production of a tangible personal property, and if they are to be taxed it would be against the principle of this Bill, and to me this means that farmers would have to pay sales tax on animal health products if not prescribed by a vet. The Minister did not mention veterinary prescriptions in his speech and it seems to me if this was allowed to pass then all primary producers would have to pay tax on the medicines that they use.

I intend to bring forth a resolution later on in (i) by adding the words "agricultural feeds and all animal health products," because there's a veterinarian in here. Or will the Minister give me assurance now that all these animal health products used in the production will be exempt from tax. If he will give me that assurance, I think I'll accept it.

MR. EVANS: My honourable friend hasn't given me too specific a list. The intention would be to class as animal feeds all the regular additives to feeds such as the health products that my honourable friend speaks of. Then if we consider the amendment that I have before me here to propose, it would be equally possible to prescribe such medicaments as are injected into cattle or whatever the case may be and they would be similarly authorized. I don't know whether there's much difference between my honourable friend from Emerson's wording of prescribed or deemed to be prescribed by a physician, etc., and the one that I propose which said "or deemed by the Minister to have been prescribed by such a person." I intended exactly the same meaning. This is being prepared for us in legal form; this has been reviewed by His Honour and it will be acceptable to His Honour. I'm prepared to introduce this by way of a message because it does in fact reduce the tax base by ever so small an amount. Nevertheless, I'm prepared to accept the principle and have a motion to that effect already reviewed by His Honour and I'm prepared to introduce it at a later appropriate stage and will undertake to do so. But I think in answer to my honourable friend's question about those things added to the feeds of cattle, or any livestock for that matter, any farm animal, it's intended to make those tax-exempt under the provision that they are a part of the feed.

Well, Mr. Chairman, we have been considering some of the -- I don't think there's the slightest difference between my honourable friend from St. John's and myself in the hope that we want to do. He introduces a motion which rests upon undefined terms including drugs and medicaments and he includes certain other generic terms. --(Interjection)-- Oh, well then was it drugs and medicaments? I perhaps lost track of what my honourable friend said. It rests upon certain terms not defined. Now I don't want to vote against the principle of my honourable friend's motion because I think he wants to do the same thing I do. I think mine is a viable motion, one that has already been approved, one that requires a message from His Honour. I undertake to introduce it and hopefully that we'll gain enough support on the other side of the House that it will carry, perhaps without a vote.--(Interjection) -- It does indeed for the purpose of being able to include item by item in the list of things to be exempt those things that come up from time to time which should be included. Your motion rests upon a definition of a pretty big term such as drugs and medicaments, which I am unable to define.

MR. CHERNIACK: Mr. Chairman, assuming that we are on this side unsuccessful in eliminating item 28 (h) which gives the Minister the full power to define any expression, assuming we fail to eliminate it, then he would still have the opportunity to define drugs and medicaments through the regulations and yet we would know exactly what we're talking about in terms of the nature of the use and the nature of the product. I'm sorry, but just like the Honourable Minister is not happy, I would be most unhappy if you were asking me to vote to give him discretion under regulation when we've already stated that we feel it should be in the Act. So there we have a problem.

MR. TANCHAK: Just one more question. I asked the Minister to give me assurance that all these drugs and medicaments, that includes vaccines and antibiotics and anything that's added in the water as well as feed, exclude all animal health products. If the Minister will give me that assurance I will not introduce my amendment - that they will be exempt.

MR. EVANS: It would be my intention to exclude from tax - and I'm trying to check over what my honourable has just said there - so far as my knowledge runs, all things necessary for the health of animals, health products I think my honourable friend said, or things that could be classed as feeds or additives to feeds, etc. I'm sure my intention is the same as my honourable friend wants. Now I don't know the trade names of these things -- and I really think, for my honourable friend from St. John's, I could do a far better job for you if I had the discretion to include items as they turn up for discussion rather than say here is a list of 7 that's been offered by my honourable friend from Assiniboia. If we limited ourselves to this 7, nothing else would be included for a year until the Legislature met again. I state a policy of the government to include in the list of exemptions the things that fall within the class of drugs and medicaments of the general type that are prescribed by veterinarians and physicians, and surely we're all agreed on the same thing, and why we argue about it I don't know. Now I'm against the difficulty for example if this amendment goes forward - and I'm not able to adopt it in quite the form it's in - I'm caught in the position of voting against the principle that my honourable friend has put forward, that I thanked him for putting forward, that no doubt was a valuable contribution, that it's helped to improve the Act and I'd like to adopt the principle, but I'm caught in the position of wondering how I can vote against it and then do what I must do, introduce an amendment with a message from His Honour. Now I asked for co-operation. I did suggest that my honourable friend might wish to withdraw the motion so that I can proceed with one that I think does the thing that he asks for.

MR. CHAIRMAN: Is it agreeable to the members if the Honourable Member for St. John's withdrew the motion and it was agreed that this subsection stay in committee.
--(Interjection)-- I'm the Chairman, but I was trying to get some agreement to get on with the business of the House, and I wondered if it was agreeable for the Honourable Member for St. John's to withdraw the motion and let this subsection stand in Committee?

MR. PAULLEY: Mr. Chairman, if you'll be a Chairman, this was a matter that has been under consultation with my colleague from St. John's and also the statement of the Honourable the Provincial Treasurer in respect of this matter. I think it is up to members of the Committee or the proposer of the amendment to consider this matter. We realize quite fully the position that the Minister has taken, that he is not prepared to accept the amendment as proposed by my colleague from St. John's. According to the rules of the House, if a matter comes to a motion and it is defeated, then the proposition of the Honourable the Minister can not be proceeded with at any other stage because the matter will then be concluded insofar as the amendment is concerned and the substance of the amendment.

Now we are prepared, and in consultation with my colleague, - and providing of course we get the agreement of the House, and I respectfully suggest to the other members of the House that this should be agreed upon - my colleague is prepared, I understand, to withdraw his amendment to allow the Honourable the Provincial Treasurer to introduce into the Bill or into the committee an amendment which I feel will substantially meet with the approval of the Minister and my colleague from St. John's in respect of subsection (e) of this section.

Now this would require in addition, I would suggest, Mr. Chairman, in addition to the withdrawal of the motion by my colleague from St. John's, the agreement of the committee to temporarily at least hold subsection (e) for further clarification by the Honourable the Provincial Treasurer. It's obvious that at 25 minutes to 10 we are not going to complete the deliberations on Bill 56 --(Interjection)--Pardon? Oh, I'm sorry, I guess I am the pessimist. I doubt very much whether the Bill will be concluded tonight. I think that if it would be agreeable to the Minister to hold subsection (e) of this section of the Act, in consultation as I say with my colleague from St. John's, I think he is prepared to withdraw his motion on the understanding that in the interim between now and the next time we meet the Honourable the Provincial Treasurer will take under consideration the different wording which will, in eventuality anyway, will reach the conclusions that we in the New Democratic Party feel that this section should entail.

MR. EVANS: I would inform my honourable friend the reason I don't proceed with the exact resolution now is that there may be one or two other cases requiring a message from

(MR. EVANS cont'd).....His Honour and I think it would be convenient at that time to get them all together, introduce them by a message, discuss them here, report them to the Speaker, adopt the report and go back into Committee and make the changes indicated. I'm perfectly agreeable, Mr. Chairman, to holding the item in question - is that (e)? - and proceeding accordingly, and I thank my honourable friend for his consideration.

MR. MOLGAT: Mr. Chairman, we're prepared to give leave to hold the section. My colleague the Member from Assiniboia has an amendment ready on this one, the purpose of which was to make all drugs, medicaments tax-exempt, so in principle there's no disagreement and we're prepared to let the matter sit. We'll await then what the Minister is going to bring in in detail.

MR. ELMAN GUTTORMSON (St. George): Mr. Chairman, would the Minister just clarify something for me? If I understood him correctly while replying to the Member for Emerson, that medicines required for animals will be tax-exempt even if they are not prescribed by a veterinarian?

MR. EVANS: That would come under the class of thing we have been discussing with regard to medicines. The wording of my amendment would include such things in one of two classes: one, they would be additives to feeds - they would be added to feed or added to water, I don't think it makes any difference - and consequently would be tax-exempt under the feed provisions. If, however, they were deemed not to be of that character and were either injected into the vein or otherwise administered to the animal, they could, and it would be my policy, to include them in things deemed to have been prescribed or of a type to have been prescribed by a veterinarian, and for that reason would be exempt. The answer to your question is yes under one of those two classes.

MR. TANCHAK: Mr. Chairman, I sympathize with the difficulty the Minister is in and I think the best way to deal with this would be as suggested on both sides here, but at this time on behalf of the 10 commodity groups who presented a brief to the Cabinet - I have a copy of the brief here - on behalf of them I wish to thank the Minister for listening to them and agreeing to the request that they had made. On behalf of them -- and I have a copy of the brief here. At the same time I would like to direct a question now to the Honourable Minister of Agriculture and ask him if he is happy with this arrangement. As I said before, he is the Ombudsman of our farmer friends to agriculture. If he's happy, I'll be satisfied too. Just yes or no.

MR. ENNS: Mr. Chairman, I'm happy.

MR. GUTTORMSON: Mr. Chairman, I would just like to have another clarification. In clause (e) it says "medicaments when sold on prescription of a physician". If a physician - and they occasionally do prescribe ale or brandy for a patient - would they be tax-exempt?

MR. EVANS: I should think if a physician prescribed anything, whether it be -- well, I'll tell my honourable friend that I had brandy prescribed for me once, and if I had had the sales tax in effect I think I would have insisted on exemption from the sales tax in that particular case. My honourable friend faces me with a particular question - little difficulty of form answers - my answer would be yes, I can see no -- there would be no limitation on the thing that a professional medical man could prescribe on his professional authority and it might well be such things as brandy or alcohol. --(Interjection)-- Appliances for such matters. We're going to consider such a matter under another clause and very proper cases.

My honourable friends are facing me with particular questions and I'm trying to establish general principles and I would say that anything, no matter what, that was prescribed by a physician on his responsibility as a physician, something necessary for the health of a patient, would be tax-exempt.

MR. GUTTORMSON: The man who is purchasing the brandy or the alcohol or the beer, he would just take the prescription to the Liquor Store and they would make it tax-exempt.

MR. EVANS: Well, the administrative arrangements would have to be worked out. He might well have to go to the Head Office and have the matter dealt with specially, or it might well have to be put through a drug store or something of the sort. I remember a day not too very many years ago when the only way to get a drink was to take a prescription to the drug store and get your pharmacist to fill it. That sort of machinery is not unknown in this country.

HON. GEORGE JOHNSON (Minister of Education)(Gimli): A physician gets 50 liquor prescriptions a month.

MR. CHAIRMAN: It's agreed then that the...

MR. CHERNIACK: Mr. Chairman, I must say that every so often my doctor sees me and says you better get yourself a warm sweater.

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

Mr. Chairman, then as a result of all these discussions, and understanding that I will have the right to bring an amendment back in again, then, by leave, I withdraw the amendment.

MR. CHAIRMAN: Agreed? Then sub-clause (e) stands in the Committee. (f)--

MR. SHOEMAKER: ...to be exact. My honourable friend the Minister in his 40 minute "dull" speech - that he said was dull, we didn't - he says in the bottom of Page 2049, "Now I come to a substantial section on exemptions. Are materials used in dentistry taxable? We are not taxing the service of the dentist or the dentures or the dental appliances for his patients, but the materials used will be taxed." And then on the next page he goes on about the denturists: "The Denturists are not named as a taxable service." - on Page 2051. Now is this a fact that the materials other than dentures will be taxed, but the services of a denturist and dentures supplied by them will not be taxed? Isn't this a fact?

MR. EVANS: Of course my honourable friend is trying to bring in a separate debate and a separate argument and a separate matter here, and I'm not going to give him an answer to that question.

MR. CHAIRMAN: (f)--passed; (g)--

MR. EVANS: Mr. Chairman, perhaps my honourable friend would allow me - I'm given to understand that there's some offence in the word "cripples" and the last thing that I would wish to do would be to give offence to anyone. I wonder if the legal counsel would advise me as to whether for the word "cripples" we could substitute "physically handicapped persons" --(Interjection)--I beg your pardon? The wording that's been suggested to me is "physically handicapped people", and consequently I think -- do I need a formal motion or do I simply say that I want to alter the wording? What do I do? --(Interjection)-- I move - it doesn't require a seconder - that sub-clause (g), second line, the word "cripples" be removed and the following substituted, the words "physically handicapped people."

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

MR. CHAIRMAN: (g)--

MR. PAULLEY: Mr. Chairman, on (g), I wonder if there is a definition for "chronic invalids". What is meant by a chronic invalid?

MR. EVANS: Mr. Chairman, we rely here on the ordinary English meaning of the words. There is no technical legal definition. It generally means a person who is ill on a more or less continuing basis rather than someone suffering a specific illness from which they expect to recover and go on.

MR. JOHNSTON: Would this include a car with special levers on it for someone who had no hands?

MR. EVANS: I didn't hear my honourable friend. Could he speak a little louder?

MR. JOHNSTON: Would this include a car with special levers on it for one with one or no hands?

MR. EVANS: My honourable friend is asking me again for a firm interpretation of a particular case. It's difficult for me to do it here. It seems to me a reasonable interpretation would be that the motor vehicle parts of the car would be taxable in the ordinary way; the special equipment, and undoubtedly the cost of installing it, would be regarded as a special appliance for which tax exemption might be claimed.

MR. PETURSSON: Mr. Chairman, it appears that there are some chronic invalids who are more chronic than others and there is a dividing line, and this dividing line or division is exercised by the Manitoba Hospital Association. People are accepted into the municipal hospitals as chronic invalids and a point comes where they either are not in need of active medical care, something develops where it is regarded that they can no longer be kept in the hospital, and then letters are sent to their next-of-kin, wives, sons or daughters, asking them please to make arrangements in a nursing home for these same people. If they are unable to either take them home where they can give them care there or unable to find a nursing home, then they are continued on at the municipal hospitals and perhaps some others. But there are many cases of this kind where people are called chronic invalids or described as being chronically ill who are unable to care for themselves but need care.

This has been a concern of mine to know exactly when one of such a group is taken off hospitalization and sent to a nursing home where he must pay for the care given in the nursing home as opposed to being in the hospital and under hospitalization. I don't expect that under this particular Act anything of this sort can be cleared up, but I would simply wish to point out that there is a distinction as between one type of chronic invalid and another type of chronic

(MR. PETURSSON cont'd)...invalid, and in some cases it's a very fine distinction and it has created a great deal of difficulty, mental and otherwise, not only in the patients themselves but in the next-of-kin who become involved in a situation of this sort. I think in using the term chronic invalid, if it is at all possible - I don't know whether it is or not - some effort at making a very clear-cut definition be made. I would like to see it. I would want to raise this question again at some other time under a health item or under a hospitalization item or a welfare item - if that is possible.

MR. EVANS: Well, Mr. Chairman, we're not concerned with the distinction between a chronic invalid and a less chronic invalid or other kinds of people, but if there are goods or equipment or kinds of things designed for chronic invalids, solely for the use of chronic invalids, they are tax-exempt whether the patient is badly chronic or only semi-chronic or not very chronic. It doesn't really matter because they're tax-exempt anyway.

MR. PETURSSON: Mr. Chairman, just to clarify this point a little further, this would include - say if the patient is sent home from the hospital - it would include a hospital bed or it might include a wheel chair or it might include crutches or walkers which these people use to help them to get around, and of course any other equipment that might be involved.

MR. EVANS: The decision is made on the class of goods and I'm quite sure such things as crutches that my honourable friend spoke of and other things, it really doesn't matter about the people, it's the kind of goods that count. The wording is "equipment designed solely for the use of", and it's the equipment that's exempt, not the kind of person who buys it.

MR. CHAIRMAN: (g) as amended --passed; (h)--

MR. BARKMAN: Mr. Chairman, on (h), I believe I'm correct in assuming that a farm tractor or any other farm unit, including a trailer or the like on wheels, travelling faster than 15 miles per hour on a public highway has to be registered under The Highway Traffic Act. Therefore, I understand that the sales tax would be applicable on this type of a tractor. Well, Mr. Chairman, considering that the tractor, which I just gave as an example, is possibly one of the principle implements used on the whole operation on a farm, it does not seem fair to me that a sales tax should apply on this kind of a purchase. In fact it doesn't seem fair to any vehicle, be it a trailer or a vehicle of this type, actually belonging to this farmer and being used for farm use. I also believe that the sales tax should not apply on the repair parts on machines like these. Surely this is not practical, and I hope that this government will see the folly in allowing this type of a principle to develop.

So, Mr. Chairman, I beg to move, that the Committee of the House give consideration to the advisability of amending Section 4 (1)(h) by deleting all the words after the word "regulations".

MR. M.E. MCKELLAR (Souris-Lansdowne): I'd like to advise the honourable member that farm tractors don't have to be licensed. The Highway Traffic Act was amended two years ago so there's no worry.

MR. EVANS: It was mistaken. Legally, as the Legislative Counsel informs me, there is now no longer any distinction on the speed of a tractor as to whether it is a farm tractor or otherwise. This has been changed already in The Highway Traffic Act and there's no longer such a distinction. The purpose is to exclude from tax farm equipment, including tractors. If such a trailer as my honourable friend speaks of is taken on a highway and becomes a motor vehicle, it will be taxable. If it's licensed for the purpose it will be taxed. If, however, it's used only for hauling about the farm and doesn't become a motor vehicle in that sense, I assume it will not be taxed.

MR. BARKMAN: Thank you. If that is the case -- I thought I had seen the Minister nodding before. I wasn't too sure but I was hoping it wasn't so, and I'm glad to withdraw the amendment.

MR. GREEN: Mr. Chairman, I know that this amendment is designed to first of all keep down the price of primary products and also to make sure that the sales tax is not there too heavily on people engaged in agriculture, and during the discussion on this matter the New Democratic Party suggested that some working people require to have their tools provided as a condition of their employment or of their continued employment. Many journeymen craftsman, such as carpenters, have to provide their tools; stationery engineers I'm advised have to provide tools valued at sometimes up to \$200.00 or thereabouts for their continued employment; and many many mechanics and other people, particularly in the crafts, are required before they can continue in their employment or before they can get a job to provide their tools. These are not provided by the employer.

(MR. GREEN cont'd)....

I think, Mr. Chairman, on the same logic of both keeping the price of this work down and also not being a hardship on people who require these things for their livelihood, that I would like to move an amendment as follows: that the Committee give consideration to the advisability of amending paragraph 4, subsection (1), sub-subsection (h), by adding after the word "therefore" in the last line thereof the words "and tools required to be provided by an employee as a condition of his employment or of his continued employment."

Mr. Chairman, I know that the Minister said that there was an administrative difficulty; we think that the difficulty should be no worse than some of the other administrative difficulties that he has to contend with. There doesn't seem to be any problem in a man going into a hardware store and signing a declaration that the tools that he is purchasing are being purchased for his employment. The Minister is going to have to hire numerous inspectors, and a periodic check can be made to see whether anybody has bought tools in such circumstances which were not necessary. Frankly, Mr. Chairman, I don't think Manitoba citizens are going to go and buy tools and say they require them for their employment if they don't, but I suggest that the detection machinery generally would be sufficient to detect these types of cases and a fine could deter any malpractice in this regard. But we, Mr. Chairman, think that there is merit to making an allowance for people engaged in agriculture, there is also merit for making an allowance to employees where they have to provide the tools; this is not where the employer provides the tools.

MR. EVANS: Mr. Chairman, I'm afraid as a matter of practical necessity I have to resist this amendment. My honourable friend would be better able to advise me of the legal steps required to make proof of necessity of assessing the tools before obtaining employment or continuing employment - a very difficult matter. I think it would be impossible for the average hardware store retail clerk to distinguish between the sale of say a hammer or a screwdriver or a wrench for such a purpose and someone who is merely using it as a handyman at home or for a boat kit or whatever other casual purpose, and on administrative grounds, this matter has been studied very closely and I'm afraid I have to resist this amendment.

MR. GREEN: Mr. Chairman, perhaps I haven't been able to help my honourable friend but the Minister of Labour can help my honourable friend. There are recognized crafts where the tools have to be brought to the job by the employee. The difficulties that my honourable friend is pointing out are really illusory ones. A man buying tools at a hardware store could only get an exemption if he took a declaration of the kind that I'm suggesting, and I don't see that Manitoba citizens are all going to run into a hardware store asking to take these declarations. As to whether or not the employer requires the tools is a matter which the employer can easily attest to, and I would suggest, Mr. Chairman, that there's no difficulty here at all.

MR. LYON: Mr. Chairman, I move the Committee rise.

MR. CHAIRMAN: Call in the Speaker.

Mr. Speaker, the Committee has adopted certain clauses and asks leave to sit again.

IN SESSION

MR. JAMES COWAN, Q.C. (Winnipeg Centre): Mr. Speaker, I move, seconded by the Honourable Member for Souris-Lansdowne, that the report of the Committee be received.

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

MR. LYON: Mr. Speaker, before moving adjournment I would remind the honourable members of our agreement that we will meet tomorrow morning at 9:30. Private members matters will be dealt with for the first hour and a half and then government matters for the balance of the time from 11:00 to 12:30, and then we will adjourn for the day at 12:30. I would also like to take this occasion to remind members of the House of the sitting of Law Amendments Committee, Monday morning at 9:30. I would move, seconded by the honourable

MR. PAULLEY: Mr. Speaker, before my honourable friend presents his motion for the adjournment, might we have some indication as to exactly what are the arrangements for going to Brandon tomorrow afternoon? Has somebody dealt with this?

MR. ENNS: Mr. Speaker, I'm happy to provide in my announcement this morning, but I was hoping to do this again, there will be a bus leaving from the front of the buildings here at 12:30. Sandwiches and some coffee will be provided on the bus so that we can -- it's hoped that we could get underway without any undue delay and be in Brandon at about 3 o'clock. This

(MR. ENNS cont'd).....is a 30 or 35 passenger bus and I understand that some 26 or 25 members have indicated that they wanted to go. I would hope that we would have some more if they so chose. That's at 12:30 tomorrow.

MR. PAULLEY: I wonder if my honourable friend could indicate when the bus will be leaving Brandon on the return journey?

MR. ENNS: The arrangements are that we meet the Directors of the Fair en masse upon arriving so that we get our tickets, that we can then disburse and enjoy the fair and meet with the exhibitors at 5 o'clock at the buffet dinner and reception. The feeling is something that is up to the consensus of the group as to when we leave. My own feeling would be that perhaps at 10 o'clock we could come back, or this is something that we could decide perhaps on the trip down amongst the group that are there.

MR. PAULLEY: The reason I asked the question is some.....to meet them on their arrival back into Winnipeg, and I haven't got much direction from the Honourable Minister of Agriculture.

MR. LYON: Mr. Speaker, I beg to move, seconded by the Honourable Provincial Treasurer, that the House do now adjourn.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 9:30 o'clock, Friday morning.