

THE LEGISLATIVE ASSEMBLY OF MANITOBA

10:00 o'clock, Friday, May 5, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the loge on my right where we have a distinguished visitor, the Honourable the Senator Alan A. Macnaughton, a former Speaker of the House of Commons. It is indeed a pleasure to have you here and to greet you this morning.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports. The Honourable Minister of Tourism and Recreation.

MINISTERIAL STATEMENTS

HON. LAURENT L. DESJARDINS (Minister of Tourism, Recreation and Cultural Affairs) (St. Boniface): The statement, Mr. Speaker, on the Assistance to Communities for Capital Recreational Facilities:

It is proposed during the fiscal year 1972/73 to provide financial assistance through the use of lottery funds to assist communities in the development of recreational facilities. It is anticipated that approximately half a million dollars will be available for this purpose during the 1972/73 fiscal year.

The objective is to provide recreational facilities on an equitable basis for all residents of the Province, regardless of where they might live.

It is proposed that grants be made to communities or organizations based on the following criteria:

1. That the maximum amount of grant for any project will be 25 percent of the total cost, subject to the following limitations:
 - (a) City of Winnipeg - \$300,000 maximum over a three year period. It is proposed that \$150,000, if not actually allocated, be reserved during the first year for this purpose.
 - (b) \$20,000 maximum grant to communities other than the City of Winnipeg, and remote isolated areas.
2. That the sponsor and either the municipality, town, village or Local Government District, as applicable, guarantee the balance of the project costs as well as the operating costs of the project.
3. That \$75,000 be allocated to remote or isolated community recreational projects.

It is further proposed that applications would only be accepted from municipalities, towns, villages or Local Government Districts.

The applications must be accompanied by a municipal, town, village or Local Government District resolution guaranteeing acceptance of responsibilities for the community or organization's share of the project costs and all operating costs.

Should the sponsor have difficulty in carrying out the project, the municipality, village, etc. would be responsible for making a decision to continue a project after development. It must be clearly understood that the provincial government will assume no responsibility for financial support of any project beyond the initial 25 percent of the capital costs.

The government deems it essential that all existing recreational facilities, particularly those provided through our school system, be utilized to the fullest extent possible, after school hours and by the entire community for all recreational purposes. All applications will be considered in the light of this requirement.

Application forms will be available in approximately 30 days, from the Administrative Branch, 409 Norquay Building, Winnipeg, to municipalities, villages, towns or Local Government Districts on request.

Now, Mr. Speaker, I think that members are quite interested in this so we have enough copies to pass around, it might help them with any of the questions to clarify this and to help them in their constituencies.

MR. SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, we welcome this announcement and the one of yesterday. The resolution in my name and speeches on the budget have been urging

(MR. McKENZIE cont'd) this Minister to get with these kind of things that he's announcing now and we congratulate him for the way he's moving ahead. Also I'm encouraged by the local initiative of people who are still going to help the Minister guide him in this program. I was wondering what percentage of the lottery earnings are involved or does this represent?

MR. SPEAKER: Other Ministerial Statements. The Honourable Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce)(Brandon East): Yes, Mr. Speaker. I'm pleased to announce that the first bus unit produced by Flyer Industries Limited under a new joint agreement with American Motors General in the United States has now rolled off of the company's plant. Today it's on its way to a showing at Transpo 72, the world's first total transportation show being held in Washington, D.C. later this month. At this moment some honourable members perhaps have spotted it if they've come in the front door. At this moment this prototype is parked in front of the Legislative Building, the north side, and it will be open there for your inspection until the noon hour, Mr. Speaker.

I might add that under the terms of its agreement, Flyer Industries will manufacture this newly designed mass transit vehicle shell for final assembly at the AMG plant in Michawaga, Indiana. It's possible that up to six bus shells will be produced daily according to company officials once the program is fully under way. Employment will progressively increase from about 250 persons to more than 600 persons and a new 150,000 square foot manufacturing plant in Winnipeg will also be build because of this market.

Tenders are now released to local contractors and I am pleased to inform the Member for Morris that this facility will not only cause expansion to the existing plant in Winnipeg but also some in the Town of Morris. This represents, I believe, Mr. Speaker, an exciting development for this company in its plans to serve a growing, expanding transportation need on this continent, and I hope you, Sir, and all MLAs will take this opportunity to inspect this excellent Manitoba product.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSON (Morris): Mr. Speaker, we of course are pleased that the Western Flyer Industries are going to have an opportunity to manufacture buses in this province. The Premier indicated yesterday that it was a matter of government policy that contracts for buses manufactured by this firm would be issued to the Manitoba firm because of job opportunities provided therein. I wonder if the government would also take this opportunity of carrying out another stated intention of the government; and that is the diversification of industry in rural areas. Government through the mechanism of the Manitoba Development Corporation are going to have that opportunity to put their, I use the vernacular term, to put their money where their mouths are by assisting in the expansion of Western Flyer in rural Manitoba.

The Minister stated that there will be an expansion of the facility in Morris and if my understanding of that expansion is correct all it involves is storage facility which will require no employment whatsoever. That - in my view what is happening in Western Flyer Industries is the phasing out of the Morris operation notwithstanding anything that the company officials and what the Minister has said and I hope that the Minister can give assurance to those people who are employed in the Morris plant that they will continue to have not only opportunities for employment that exist today but further opportunities for the labour force that is available. Notwithstanding anything that the Flyer Coach Industries have said, that labour force is available in rural Manitoba and I hope that the government will give us the assurance that the expansion plans will include something much more substantial than is anticipated for the Town of Morris.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? Notices of Motion; Introduction of Bills; Oral Questions.

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition)(River Heights): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs or for the Minister of Health and Social Development, I'm not sure which Minister is in charge. I wonder if you can inform the House when the Change of Name Act will be proclaimed.

MR. SPEAKER: The Honourable Attorney-General.

HON. A. H. MACKLING, Q.C. (Attorney-General)(St. James): Mr. Speaker, I would say that that question's out of order. It's a matter of policy.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder if the Attorney-General is aware that there's some difficulties at the present time because the Act has not been proclaimed?

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, the honourable member has not forwarded to me any complaints or problems under the Act.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (BUD) SHERMAN (Fort Garry): Mr. Speaker, my question is to the Honourable Minister of Industry and Commerce. I would like to ask him if he could advise the House, newspaper reports notwithstanding, of the present economic situation or plight of Omnitheatres Limited?

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

MR. EVANS: Mr. Speaker, I'm not in a position to advise the House.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I'd like to direct a question to the Acting Minister of Mines and Resources. He indicated several weeks ago that the Minutes from the Water Commission meetings would be available by the end of April. Can he advise whether these are now available?

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

MR. EVANS: Yes, Mr. Speaker. It was my understanding that you had previously requested or some honourable members had previously requested copies of the transcripts of the public meetings, and it was this and not Minutes that we had given some undertaking on. I'm surprised that they're not available yet. If they aren't made available it's because of technical reasons such as typing reproduction, etc. However, Mr. Speaker, I'll look into this matter as soon as the question period is over.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: I should like to ask the Minister of Industry and Commerce if the expansion plans indicated in his statement earlier this morning will be facilitated by a loan from the Manitoba Development Corporation?

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

MR. EVANS: Mr. Speaker, the Manitoba Development Corporation is the substantial owner of this company, in effect it is a subsidiary of the Manitoba Development Corporation.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: I wonder if the Minister could indicate how much money will be required for these expansion plans of Flyer Coach Industries?

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

MR. EVANS: Mr. Speaker, any expansion requires investment dollars but I'm not in a position to give the figure at this time.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I'd like to direct a question to the Minister of Industry and Commerce. Not being able to reply to his statement in connection with the bus that is in front of the building, however I have a question. Does the matter of the red colour have any significance and will all the buses be of that colour?

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

MR. EVANS: I don't know whether I heard all of the honourable member's question but the prototype that is now in front of the building has been built specifically for the City of Chicago specifications; license plates, air conditioning, lighting, extra windows, and the colour I believe is also appropriate.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. JEAN ALLARD (Rupertsland): I have a question for the Minister of Mines and Resources. Could he advise the House whether poison is used in the Province of Manitoba as a predator control measure?

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

MR. EVANS: Mr. Speaker, I'll have to take that question as notice.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. ALLARD: I have a supplementary question, Mr. Speaker. Could he also provide the House with the information of which municipalities have bounties on predators?

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

MR. EVANS: Yes, Mr. Speaker, I'll endeavour to obtain that information for the honourable member.

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, I have a question for the Acting Minister of Mines and Natural Resources. I wonder can the Minister indicate to the House the condition of the Assiniboine River and the water level behind the Shellmouth Dam this morning?

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

MR. EVANS: Mr. Speaker, as I've stated several times, I issue statements as frequently as is necessary as significant changes in water flows, water levels take place; and if I have no report to issue this morning it's because the officials of the Water Control Branch believe that there's been no significant change since the report which was issued I believe yesterday.

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, reports this morning that I get are rather . . .

MR. SPEAKER: Order, please. Order, please. I'm sure the honourable member is aware this is not a debating time. Would he ask the question?

MR. MCKENZIE: A supplementary question, Mr. Speaker, I wonder when the Honourable Minister is checking these figures if he could indicate to the House where the crest of the Assiniboine River is - the flood crest?

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

MR. EVANS: Mr. Speaker, I will continue our policy of advising the House and the public of significant changes in water flows and water levels.

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

MR. WILLIAM URUSKI (St. George): Thank you, Mr. Speaker. I'd like to address a question to the Minister of Industry and Commerce. It's in regards to Columbia Forest Products. I wonder if he could possibly shed some light on the fact that Columbia Forest Products is in tax arrears for 1970 and 71 to the amount of over \$50,000.00?

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

MR. EVANS: Well, Mr. Speaker, inasmuch as Columbia Forest Products is owned and operated by Great Northern Capital Limited, I do not have that information available.

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

MR. URUSKI: A supplementary question, a question to the Minister of Municipal Affairs.

MR. SPEAKER: Order, please. I fail to follow how a supplementary question can be to another Minister. The Honourable Member for St. George.

MR. URUSKI: Thank you, Mr. Speaker. I have a question for the Minister of Municipal Affairs. Is the Minister of Municipal Affairs prepared to take any action through the L.G.D. of Piney against Columbia Forest Products for their arrears of taxes in the years 1970 and 71?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs)(Selkirk): Mr. Speaker, under the provisions of the Municipal Act the Local Government District of Piney would be entitled to proceed with tax sale proceedings in respect to those taxes owing for the year 1970. I would only trust that Great Northern Capital and Columbia Forest Products would want to do the proper thing and would pay their just due to the residents of the L.G.D. of Piney.

MR. SPEAKER: The Honourable Member for Souris-Killarney.

MR. EARL MCKELLAR (Souris-Killarney): Mr. Speaker, I'd like to direct a question to the Minister of Tourism and Recreation. I want to thank him for his statement this morning. The question I have for the Honourable Minister is if a community are planning to put artificial ice in their skating rink, could they apply for grants under this program as announced by the Minister this morning?

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

MR. DESJARDINS: Mr. Speaker, yes, this is definitely the idea. The community or the sponsor it could be an association or an agency, would first of all interest the village, town or municipality, would have to make sure that all the money will be available and would have to realize that the government will not accept any deficit in operating cost. Therefore the application would go to the municipality or the village who would send us this application with a copy of a resolution approving this and then we would go from there.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, my question is really supplementary to the Minister of Tourism. Do organizations that do not have an affiliation with local governments such as Boy Scouts, would they qualify for these grants?

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

MR. DESJARDINS: Yes, they would. We are not suggesting, Mr. Speaker, that we will only accept a specific application from a Municipality, we are saying that this is the manner in which we will proceed. We must involve the people at that level also in a community, the town or village though would have to approve it or reject it locally. But anybody, the Scouts, or anybody can bring in their application to the town or village or municipality who would guarantee that all the money - because we are going to pay up to 75 percent, 25 percent, so therefore we would have to make sure that this other 75 percent is there and then that it will be viable, that there will not be any operating deficit or at least that the municipality realizes that should there be a deficit the decision of either closing the place or providing the funds will be theirs, will not rest with the Provincial Government.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Supplementary, Mr. Speaker, in the case of the City of Winnipeg, or the Urban area, does approval then by one of the community committees constitute approval of the municipality?

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

MR. DESJARDINS: Mr. Speaker, we are not completely finished with the setup of how we are going to handle the Winnipeg application but so far it is felt that the application should go to the council. Again we don't aim to parachute any programs anywhere. We feel that these people have the responsibility to see what is needed locally, so probably we would - the City would still have to guarantee the 75 percent of the operating cost but we would receive the application of priorities from the City. We want to get away from this partisan approach to make sure this - I know this is going to be difficult, if we satisfy one, ten of them will not be satisfied, so we are involving the local people also and asking them to accept their responsibility and to work with us.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question for the Honourable Minister of Tourism and Recreation. Would grants be available to Curling Clubs which may be considered private but on the other sense they offer their recreational facilities to say 2,000 high school kids and so on, without any membership to . . .

MR. SPEAKER: The Honourable Minister.

MR. DESJARDINS: Mr. Speaker, what we are trying to do is provide recreational facilities for all the people of Manitoba. It doesn't matter if it's a private club, it doesn't matter who it is, the sponsor has the same chance. Now we will determine priorities and one of them will be to make sure that the facilities in schools - this will be one of the facilities. For instance if you go in a, let's say a municipality where they have a beautiful gymnasium and they request that another gym be built because they can't use that after 4:30, there is no way that this will be accepted. We feel that the community should be built around the school and that these facilities should be used by all the communities.

MR. SPEAKER: Precisely, I was going to say I think we are getting into a crossfire one and it is developing into a debate. I do believe that the questions and the answers should be explicit and brief. Unfortunately this is not the case with this subject matter and I am sure the honourable members can find another area of procedure in which to utilize the - and get the information they so desire. The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, I have a supplementary question then. I wonder if the Minister could indicate to the House the percentage of lotteries earnings that are allocated for this capital recreational program.

MR. SPEAKER: Order, please. Very well, the First Minister.

HON. EDWARD SCHREYER (Premier)(Rossmere): Well, Mr. Speaker, very briefly to the point of order inasmuch as the Estimates of the Department of Tourism and Recreation, as Honourable Members know, will be coming before this House before too long, it is precisely the kind of question which the Member for Roblin is attempting to place and the member for Assiniboia has already placed, that ought to be dealt with in the form of the Estimates of the Department.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON (Sturgeon Creek): Mr. Speaker, on the point of order. It is very well known to this whole House that the monies from the Lottery Fund by the Act are placed into a separate area.

MR. SPEAKER: Order, please.

MR. F. JOHNSTON: This . . .

MR. SPEAKER: Order. Order. The point raised by the First Minister is well taken. Any other oral questions? The Honourable Member for Minnedosa.

MR. DAVID R. BLAKE (Minnedosa): My question will be to the Honourable Minister of Tourism and Recreation. The applications when they are filed, will they be handled by his department or will they be handled by a separate committee to screen the applications?

MR. SPEAKER: The Honourable Minister.

MR. DESJARDINS: It will be the responsibility of our department, Sir. We might call in some advisors if we wish.

MR. SPEAKER: The Honourable Member from Sturgeon Creek.

MR. F. JOHNSTON: Mr. Speaker, I would like to direct a question to the Honourable Minister of Industry and Commerce. Has the Manitoba Development Corporation made any loans to nightclubs?

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

MR. EVANS: You know, Mr. Speaker, I have repeated so often in this House that it is a matter of public record as to who we provide financial assistance to. I cannot speak for the record prior to the change of the legislation.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. ALLARD: I have a question for the First Minister. I am wondering if the government would consider tabling the Leaf Rapids Agreements, or when?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, on Tuesday, I believe it was Tuesday, I indicated to the House that without any question about it whatsoever we would be tabling the Leaf Rapids Agreement. I cannot tell the honourable member why that has not been done as yet, except that I shall make a note now to see that this is looked into.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I would like to address a question to the Acting Minister of Agriculture in the absence of the Minister himself. Has the matter of the regulations of the Agriculture Credit Corporation under which farmers have to deal with a single agency only been a deterrent for farmers to apply for loans and that as a result more farmers are applying to the Federal Loan Agency for loans?

MR. SPEAKER: The Honourable Minister of Transportation.

HON. PETER BURNIAK (Minister of Highways)(Dauphin): As Acting Minister for Agriculture I will have to take this question as notice and make sure that the Minister will get the answer for you.

MR. SPEAKER: The Honourable Minister for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. About a week ago he took as notice a question of mine relating to his press announcement in January of the sale of five aircraft to a U.S. airline by Saunders Aircraft. Is the Minister now in a position to reply to my question indicating the status of that order?

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

MR. EVANS: Mr. Speaker, I will endeavour to get the information soon.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. ALLARD: I have a question, Mr. Speaker, for the Minister of Municipal Affairs. Some days ago he took as notice a question on South Indian Lake housing. Whether there would be any built this summer, and I am wondering whether he is in a position to advise the House now?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, rather than some days ago it was on Wednesday and I will attempt to have that information next week.

MR. SPEAKER: Orders of the Day. The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. My question is

(MR. GRAHAM cont'd) for the Minister of Industry and Commerce. Recently the Minister announced there would be 500 jobs available in the Brandon area, 500 new jobs in the next year. Can the Minister indicate whether it will only be residents of Brandon that will be allowed to have those jobs or will anybody in the province be eligible.

ORDERS OF THE DAY - ADDRESS FOR PAPERS

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: Mr. Speaker, I move seconded by the Honourable Member for Fort Rouge, THAT an humble address be voted to His Honour the Lieutenant-Governor praying for copies of all correspondence between the Government of Manitoba and Symbionics Corporation, or any representative of the shareholders or creditors of Symbionics Corporation, concerning the purchase or rental of computers or computer services.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, it is not quite clear just what the honourable member is requesting here. In the present form of wording in this Address for Papers the government would not be in a position to accept the order.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: Mr. Speaker, I would request that this motion be transferred for debate.

MR. SPEAKER: Very well.

Second address for paper. The Honourable Member for Minnedosa.

MR. BLAKE: Mr. Speaker, I move, seconded by the Honourable Member for Pembina, THAT an humble address be voted to His Honour the Lieutenant-Governor praying for copies of all studies done by or on behalf of the Government of Manitoba concerning the present or future requirements for, or the purchase or rental of, or the commercial operation of computers or computer services.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I will indicate the same position here as with respect to the preceding Address for Papers. It will thus give the Honourable the Member for Minnedosa an opportunity on debate to indicate the precise reasons why he feels that this information ought to be made available, and also to explain why he feels this kind of information ought to be made available now when the very firm and consistent attitude of the previous administration was to turn down all similar requests for internal studies and reports. We will hear the Honourable Member make his case.

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

MR. BLAKE: Mr. Speaker, I would request that this Address for Papers be transferred for debate also.

MR. SPEAKER: Very well. The Honourable House Leader.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): Committee of the House, Mr. Speaker, please.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance)(St. Johns): Mr. Speaker, I 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 the following Bill No. 21, an Act to amend The Revenue Tax Act, The Tobacco Tax Act and The Amusements Act.

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 Logan in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: Clause 13, Subsection 4 (6) -- Passed; 4 (7) -- The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, the Minister in his reply last evening indicated that in my remarks there were some strawmen created and that I proceeded to destroy them during the course of the few minutes that I used to comment on this section. I noted that the Minister in making this assertion was busily putting one together himself when he suggested that I had indicated there should be some way of transferring passengers at the border of Manitoba from modern aircraft to, I think he said World War I aircraft, I don't have too much knowledge of

(MR. MCGILL cont'd) the kind he has in mind, but I should remind you, Mr. Chairman, that the Minister himself has made this suggestion that there be a transfer of passengers. It's possible that he didn't understand my point that when aircraft units are assigned to particular traffic routes that this is done by the dispatch department of the flight operations for whatever airline is involved and that I suggested that if there was going to be tax on aircraft recently acquired during the course of the payment for those aircraft, that it might have an effect upon a particular type of equipment assigned to particular routes. And if Manitoba chose to be the one part of the segment of the route that was endeavouring to apply a tax to aircraft not based in Manitoba, then the dispatcher might indeed take this into account. And I mentioned the new aircraft that will shortly be on the line for Air Canada, as being Loughheed 1011 Aircraft worth I am told about \$19 million each, so there might be involved a total of \$190 million here and if other . . .

MR. CHAIRMAN: Order, please.

MR. MCGILL: . . . other jurisdiction . . .

MR. CHAIRMAN: Order, please. I would like to draw the member's attention to the section dealing with repetition. We have had that debate from the member last evening. I wonder if the member could confine his remarks to Section 4 (6) of Clause 13.

MR. MCGILL: Thank you, Mr. Chairman, I was endeavouring to point out some of the inconsistencies in the Minister's explanations in reply to my original positions, and I was not in any way referring to the use of, I think he said, Lancaster Bombers for transportation purposes. I was suggesting that I was more concerned with modern aircraft in which a great deal of money would be involved, and in which the total sales tax that might be collected if the jurisdiction of Manitoba succeeded in imposing this tax, might amount to perhaps one tenth of \$19 million, if we assume for the sake of the argument that since there are ten provinces we might have one tenth of the air space and we might be talking about a considerable amount of money.

But to me, Mr. Chairman, this whole proposal, and I am still talking about the overflies, the use of the air space, and I don't think that that was one of the strawmen that the Minister had in mind because he didn't deny that this was the intent of this section.

A MEMBER: That there be a tax on ammunition.

MR. MCGILL: The Minister was objecting to my use of the descriptive language in saying that there wasn't enough legal firepower in the Manitoba Statutes to create any turbulence at the elevations that these aircraft normally fly.

Mr. Chairman, I am sure the Minister's completely aware that the aircraft flying on the world air routes that fly over Manitoba are licensed by the Ministry of Transport in Ottawa; that the captains of those aircraft are licensed by the Ministry of Transport; that all the guidance systems that these aircraft use are provided by the Ministry of Transport; they're provided federally, and that the itinerant commercial aircraft have really no reason to apply for assistance to the Government of Manitoba, they're under federal jurisdiction and to a great extent they are operating in the air space in the same manner as ships of the high seas; and the fact that Manitoba happens to support part of that ocean there seems to me is a very vague and remote reason for suggesting that in some way the aircraft flying in that air space in some way should provide a toll or a tax to the Province of Manitoba. --(Interjection)--

A MEMBER: Would the member permit a question?

MR. MCGILL: I'd be very pleased to, Mr. Chairman, after I've completed my remarks, which will be brief I assure you.

I feel that this thrust of this policy, of this clause to propose taxes on aircraft using the world air trade routes is another manifestation of a kind of thinking that seems to be pervading all of the tax thrusts of the Government of Manitoba under this present jurisdiction - under this present party; that they are operating within themselves and not as a province of Canada. That they are attempting to act in isolation, attempting to impose restrictions to the free passage of air trade and air commerce, and I think that again, unless the Minister has information that he has not supplied to the Opposition, that it seems to be a completely unconstitutional approach and his presentation in this court of law is somewhat unnecessary because the decisions that will be made will not be made here as to its validity.

I feel that we have to examine this proposal very closely. We have not dealt with the specific language of the clause. The Minister, in the clause proposes to deal with aircraft that are used for the purposes of trade, and I think this opens up an area of debate. Does the

(MR. MCGILL cont'd) word "trade" include aircraft that might be owned or operated for the purposes of business by other than airlines and air carriers? Does it include aircraft that might be operated by automobile equipment people who use it to travel to their various branches in Western Canada? Might it apply to Imperial Oil Limited in the carriage of their executive people across Canada? These are aircraft I presume you could argue are used for trade, and there are an increasing number of them being used as a business tool in Canada. They are really an essential productive machinery. They are in a sense productive machinery because they are used for the purposes of moving people, and records, and other items that are important to business transactions and to business decisions. So the word trade opens up an area here that I think we need to have some clearer explanation. Usually these aircraft are operated by businesses in a way that is less than arm's length by a subsidiary corporation perhaps as a holding company for an aircraft that is either being bought or leased from that holding company, and is being used for the purposes of the parent company.

To me the whole thrust of this clause is one that is going to detract from the status of Manitoba as the Keystone Province. We don't want it to become known as the key block to air trade and air commerce across Canada. We don't think that this can be enforced; we don't believe it's within the scope and the control of the Province of Manitoba to provide a deterrent of this kind to the free passage of aircraft and air trade within provinces.

Mr. Chairman, I hope that the Minister in his reply will be able to give some further explanations on the specifics of this clause.

MR. SCHREYER: Mr. Chairman, I'm rather hesitant to ask the honourable member if I could ask the House for one question. I, Mr. Chairman, try to respect the rules which guard against repetition. The Member for Brandon despite his being urbane and polite and generally respectful of the rules of this House, however, shall we say, has the practice of politely ignoring the rule that guards against repetition. Be that as it may, the question I wanted to ask the Honourable Member is, was he arguing or contending that there is a very close parallel or an analogous situation under the conventions of international law as between the high seas and air space over a country?

MR. CHAIRMAN: The Member for Brandon West.

MR. MCGILL: Well I think there's an analogy, Mr. Chairman, between the ocean of water that surrounds our continent and the ocean of air that surrounds and envelopes the whole of the planet earth to a depth of 57,500 feet. And if we're talking about - and we have to be talking about the passage of aircraft in that ocean of air, at whatever altitude they choose, and these altitudes incidentally are assigned by the Ministry of Transport, the permission to use various flight levels is given by the Ministry of Transport, the support that the aircraft need at the various flight levels is supplied by Air Traffic Control, again the Federal Department, or Ministry of Transport, all of these services and all of these permissions and all of these licensing are controlled by the Federal Government. And you may argue against the propriety of this, but I think at the moment we accept this as their particular area of control, and I suggest to you, Mr. Chairman, that if the Premier of this province decided that he was going to have a scheduled airline in Manitoba operated by perhaps the Manitoba Government Air Service, he would have to apply to the Ministry of Transport for a license to operate that airline, and he would have to insure the Minister of Transport that his aircraft were properly and suitably licensed for the service he had in mind, that his pilots were licensed by the Minister of Transport, and so on. So that the whole area of supervision, the whole area of control, the whole area of licensing is clearly a federal administrative authority, and so there is an analogy, I think, to the control of ships at sea, and the control of aircraft in the ocean of air that surrounds planet earth, and if an aircraft doesn't choose to use a port of call in Manitoba, I don't see that the Province of Manitoba should assume any control or authority to exercise a tax on that aircraft.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, without prolonging the debate on this very specific point, I would advise the Honourable Member for Brandon West that it is very clear as to where property sovereignty lies with respect to air traffic in our country and I am not quarrelling with his understanding of it in that respect. But what I suggest is misleading in the extreme is to attempt to draw an analogy between the high seas, to international waters and air space which is not in any way under international law convention. It's a matter of national sovereignty and any arrangements made are made between countries on bilateral or multilateral

(MR. SCHREYER cont'd) agreements. Air space is not international in the same sense as the high seas are international under convention.

MR. CHAIRMAN: Clause 13 4 (6) . . .

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I wonder, then, if the First Minister, since he was absent last evening I believe, would see any analogy in the position being taken now in respect to this proposed tax, and the situation which existed on the Rhine River some hundreds of years ago when the . . .

MR. CHERNIACK: We are now dealing with the section which provides the formula by which taxation will be imposed. We've already settled the question there will be taxation, we've settled that. The section before us is the formula to be used, and surely we ought not to get back to the Rhine River, we've been there already.

MR. CHAIRMAN: I think the point is well taken. We have had a nice tour of the Rhine River. I think we can come back to 13 4 (6). The Honourable Member for Brandon West - on 4 (6) please.

MR. MCGILL: Yes, and if I am to be permitted to participate in the philosophical argument introduced by the First Minister, I think . . .

MR. CHAIRMAN: Order please. 13 4 (6) please.

MR. MCGILL: Well, Mr. Chairman, we don't seem to be very anxious to proceed with the argument as it was introduced so therefore I'm assuming that the points have been made on this side and we'll leave it at that. But I would then ask the Minister if he is prepared now to explain in greater detail what he means by the word "trade" when it is used to qualify the kind of airplanes that are going to come under this Act.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I would say that the description of the honourable member of planes, aircraft used by private companies in order to carry on their business or their trade operation would be taxable and this formula would apply.

MR. CHAIRMAN: Clause 13 4 (6) . . . The Honourable Member for Souris-Killarney.

MR. MCKELLAR: Mr. Chairman, I'd just like to say a word. I am one that is always interested in people from the United States or any other country coming to visit our province, and I'm wondering right now whether all people flying into the North, fishing trips, are these the type of plane involved? I'm also wondering because of the fact we have an airport at the International Peace Garden is it going to be necessary that everybody check in there first before the customs, or how are you going to . . .

MR. CHAIRMAN: Order, please. I don't think that is the . . .

MR. MCKELLAR: Mr. Chairman, it does involve this.

MR. CHAIRMAN: It's an evaluation of certain aircraft and I don't see . . .

MR. MCKELLAR: Well it doesn't spell it out and I must . . .

MR. CHAIRMAN: Order, please. I would request the honourable gentleman, as I have already cautioned the Member for Brandon West that we are dealing with 13 4 (6), valuation of aircraft. The Honourable Member for Souris-Killarney.

MR. MCKELLAR: This is the very reason I'm getting up speaking because we do have a large number of people flying in on charter flights, United States up to lakes in northern Manitoba and other parts of Manitoba, on fishing trips. I'm referring to charter flights. Fly in maybe 20 people for a few days. The Honourable Member for Rupertsland -- I guess he's not here now -- up to many parts of his constituency. Is this type of airplane going to be taxed on a mileage basis in Manitoba? And if it is, I say this is going to maybe affect, because it will have some effect on the economy of our province because I can see many of these people will maybe -- I shouldn't say they've second thoughts about coming into Manitoba, but they maybe find another means of travelling to accommodate the same purpose.

I think that we got to look at this from a broader standpoint, broader viewpoint than what we're looking at. Why should we put up a wall on every side of our border, and this is what. .

MR. CHERNIACK: On a point of order . . .

MR. MCKELLAR: I am . . .

MR. CHERNIACK: Mr. Chairman, I promised yesterday, especially when I was restrained from following through on something the Leader of the Opposition said, that I would try to draw to your attention every occasion when there's a straying from the section itself. The rule you read us a week ago is absolutely clear to me and should be clear to honourable

(MR. CHERNIACK cont'd) members.

The Member for Souris-Killarney is talking now about whether or not we ought to tax certain aircraft. That has been settled. If he wants to have further information I'll be glad to give it to him but not at the expense of the time of this committee. What we're dealing now with, a formula; the formula applies and the section is clear: Planes that operate within or without the province for the purposes of trade. Those planes will be taxed on the basis of the formula set out in 4 (6). That formula, I believe, is quite clear as it is expressed and if aircraft come into Manitoba for the purposes of trade, then they will be taxed on the basis of this formula and the amount would be very little assuming that it's the kind of flight that he is describing. That's my point of order.

MR. CHAIRMAN: I think the point is well taken. The Honourable Member for Souris-Killarney on 13 4 (6).

MR. McKELLAR: I guess I'm eliminated from speaking so I'll just sit down.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, on 13 4 (6), in my opinion the proposed legislation is damaging to our lengthy battle over the years to make Winnipeg and Manitoba a major international air centre. It is damaging, Mr. Chairman . . .

MR. CHAIRMAN: Order, please. . .

MR. CHERNIACK: Is the honourable member speaking about the formula?

MR. SHERMAN: I'm speaking on 13 4 (6) and the formula applied; and the formula, Mr. Chairman, uses as its most integral consideration the number of miles flown in the Province of Manitoba by the aircraft, and I suggest, Sir, that that is damaging to the long battle in which the Minister has been a participant, with some distinction, over the years to make Winnipeg and Manitoba a major international air centre.

What this formula does, what this section does, is encourage airlines and operators to change and shift their schedules and their routes insofar as that is possible and practical, to avoid a heavier load of taxation. Moreover, Mr. Chairman, it will discourage airlines with whom we have been negotiating for services in and out of Manitoba from making arrangements, bilateral and otherwise, with the Province of Manitoba, and with Winnipeg International Airport, and with airlines in this country, to come into Manitoba and service this part of the continent and this part of the world. Because the moment they expand the mileage flown into Manitoba which would be involved in flights coming into Winnipeg International Airport they become liable to a heavier taxation load. The formula clearly states that their taxes would be calculated directly on the basis of the number of miles they fly in Manitoba - that is the number of miles they fly in Manitoba in proportion to their total mileage. So I suggest that the formula and section are discouraging to those airlines which we wish to attract to this province and to this International Airport, and as I've said, are harmful to that fight to make this an international air centre.

On the same subject and on the same section, Mr. Chairman, might I just also caution the Minister that I would hope he has taken into the very most serious consideration the position of our own regional airline, Transair, in this connection. I know that he's familiar with the leasing arrangements, the equipment purchase arrangements that Transair has. I know he is familiar with the amount of capital expense annually they face in financing those capital purchases, and once again the section in this legislation detailing the formula for the valuation of their aircraft will hit them directly in terms of their planned routes and schedules.

I suggest it would not be inconceivable that if the Minister were operating an airline such as Transair, should he be faced with this kind of additional tax burden that he might consider with his Board of Directors and his senior advisors whether some routes and whether some services might not be altered in order to escape onerous taxation. Now I'm not saying that Transair is considering that. What I'm saying is that if the Minister and I were running an airline I think we might sit down and consider it, if we felt that the taxation being proposed in legislation at that time was going to work a heavy disadvantage to us and create a heavy additional financial burden, and I think that this valuation formula does imply that kind of a burden.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, we are very carefully trying to skirt around this section and meanwhile bringing up arguments that have been used again on items that we've already passed. The fact is that this section is indeed a form of relief section. We have

(MR. CHERNIACK cont'd) already agreed that we are going to tax aircraft. That's settled. We're not debating that any more. At least I'm not debating that any more, Mr. Chairman, I hope nobody else will. We are taxing aircraft. Now we can tax aircraft 100 percent of their cost or we could say we will only tax a certain portion of it. This section is designed to limit the amount of taxation that we have already agreed we are going to impose and it will be limited on the basis of actual miles shown, so that the section is actually a relieving section and without it we would have to be charging the total tax. Now I think that that should be absolutely clear to all of us, that without this section, if honourable members vote against this section, then it will mean that we will be required to tax aircraft at 100 percent.

May I point out that in Quebec the formula is this formula but with a minimum of 20 percent of the cost; and if we took the Quebec formula then in all cases where less than 20 percent of the mileage flown is within Manitoba, then they would be paying 20 percent. So this is a relieving section and I urge honourable members to think carefully whether or not they will accept this section or try to reject it because by rejecting it they will put a greater tax on the airlines. So let's get that clear.

Let's also get clear that when the member talks about Transair he's talking about a company that has not been paying taxation on aircraft that have been flying out of Manitoba as well within Manitoba, whereas for the past five years or so, a company like Lambair, which is a Manitoba company, has been paying tax. So the design for this is to create a certain amount of equity between those who have been paying tax and those who will be paying tax, and this is a relieving section, so let's get that absolutely clear. If the formula is wrong then let's debate the formula, but the formula to me is one which is a relief to Transair or any other company that will now come under the section we've already settled. We are taxing aircraft. How, is in this section.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, it's all well and good for the Minister of Finance to say this is a relieving section but it's only a relieving section because it is prefaced by a new form of taxation. --(Interjection)-- Well all right, but that does not alter the fact that the relieving section -- what it amounts to, Mr. Chairman, is that we're damned if we do and we're damned if we don't. We have as the Minister suggested already passed the section calling for a tax on aircraft.

MR. CHERNIACK: On a point of order. The honourable member says we're damned if we do, we're damned if we don't. Would he not agree, Mr. Chairman, that there has been quite a bit of debate, like well over maybe 150 speeches on the question of taxation. That has been settled. And would he not agree that he should now confine himself to the section as to the manner in which the taxation is to be imposed, because I don't think that you, Mr. Chairman, should allow him to debate - or anyone else - to debate whether or not we should tax and therefore my point was that this was a relieving section.

MR. CHAIRMAN: The point is well taken. We have decided already in Clause 12 that we would repeal the section on exemption for aircraft. I think the honourable members should confine his remarks to the formula process that is set out in Clause 13 subsection 4 (6). The Honourable Member for Fort Garry.

MR. SHERMAN: Well, Mr. Chairman, I'm trying very hard to do that. I spoke a few minutes ago about what I felt was the effect of this valuation formula which I submit, Sir, is sticking within the confines of the section we're on. The Minister in reply --(Interjection)-- No, no, but just a moment, Mr. Chairman, you were ruling equitably and I expect you'll continue to rule equitably. The Minister in reply said to us you better be careful how you vote because if you vote against this thing you're going to be creating inequities -- I'm paraphrasing what he said -- but he warned us that we better be careful how we vote on this section.

In response to that, in response to that, Mr. Chairman, I simply said that what it amounts to is that we're damned if we do and we're damned if we don't because the relieving feature of this section that he's talking about is only a relieving feature because it's prefaced by a new tax. --(Interjection)-- Right. We agreed to.

Now we come to the new tax, we come to the relieving section on that tax and the formula for that relieving section and my objection to it is, as I stated a few moments ago, that it will damage the position of the province to compete for bilateral arrangements and agreement that will make us an international air traffic route centre. A fight that many of us, perhaps all of us in this House, certainly the Government House Leader has participated in with great

(MR. SHERMAN cont'd) energy over many years, and a great many other Manitobans have shared with him in that fight. And as I said, I think the Minister of Finance has been a participant in that battle, and I submit, Sir, that this formula is damaging to that battle and will injure us in our attempts to achieve success.

MR. CHAIRMAN: Clause 13 4 (6). The Honourable Member for Brandon West.

MR. MCGILL: The formula that the Minister has referred to and we have discussed it. Can the Minister tell me if this formula is applied by the Province of Quebec to overflies where no port in the Province of Quebec is used, where the aircraft merely uses the air space above the Province of Quebec. Does this formula apply?

MR. CHERNIACK: Mr. Chairman, I don't want to be in a position where I speak with authority on the law in Quebec. I would guess that the honourable member has the same access as I do to finding out what the Quebec law is. It is my understanding that aircraft which is operated by companies that do business in Quebec are covered by this formula, and as I stated, that 20 percent minimum feature I think takes care of more than overflies. But I've already indicated that it is our intention to impose this tax on companies that trade in Manitoba and the mileage feature that's discussed here would include mileage that is overflowed, if as he says, it is say a flight from Toronto to Vancouver that overflies Manitoba by, let's say C. P. Air or Air Canada. Mr. Chairman, I will not get involved in any further discussion on jurisdiction if that's what the member's aiming at because I believe that would be out of order too.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Well then, Mr. Chairman, just in the matter of the application of the formula in Manitoba, could we have some further specifics here in respect to -- Northwest Airlines is an airline that provides a service into Manitoba and out. Would this formula apply to Northwest? And then while he is answering that, would he also indicate that an airline that has a ticket office in Manitoba but which does not actually pick up passengers or freight in Manitoba, would the formula also apply to those airlines?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I answered that question at least a week ago and I don't want to be repetitious although the Member for Brandon seems to want to be. Northwest in its present method of operation would be subject to taxation. Now I don't know if that's news to him. I'm sure that I said it a week ago and I'm sure that he asked the question and I answered him so he was certainly here. As to companies that do not trade within Manitoba but have a ticket office, it is my impression that we will not be able to tax them but if we will be able to then by all means we'll look into that.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, on the same point then. The note that's gone out to the vendors, on page 4 at the bottom there, "an aircraft that is infrequently used outside Manitoba would not be considered." Is that what the Honourable Minister is talking about in speaking with Northwest?

MR. CHERNIACK: I have not found the circular yet. I know I have it, so I can't answer the question yet.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, dealing with this section, I know there is a formula contained therein in connection with the mileage, but there's also provision there for the Minister that in connection for the assessment of fixing the value of the aircraft. On what basis will the valuation be set? Is there going to be an annual depreciation or in what way will he arrive at an assessed figure on the value of a plane? I don't know the life of a plane, I'm not acquainted with that part of the air industry but surely enough there must be some way in which evaluations are made. And what about where people like we have in southern Manitoba, especially in Carman, where a person buys old planes and brings them in, fixes them up and then they're fly-worthy and are being used. How will the evaluation be placed on planes of this type? Surely enough we should have some indication as to the evaluation, how evaluations will be made, how these planes will be assessed. I'm interested in the proposal that the government has in this connection.

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Order, please. Order, please. Before I recognize the Honourable Minister, may I draw the attention of the honourable members to the gallery on my left where we have 25 pupils, Grades 9 and 10, under the direction of Miss Glushka. These students and teacher are from the Lac du Bonnet School, in the constituency of Lac du Bonnet, the Honourable Minister of Agriculture's constituency. On behalf of all honourable members, I bid you welcome.

COMMITTEE OF THE WHOLE HOUSE (Cont'd)

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I have been here throughout the entire debate. Unfortunately members opposite have been popping in and out and it sort of means that I have to answer questions several times. Now the Member for Rhineland has raised a question which I know has been answered before and obviously he wasn't here because he wouldn't be asking the same question twice had he heard the answer. But the question of valuation I believe has been clearly discussed. The valuation based on cost. The honourable member seems to think that this is a continuing tax that goes on throughout the use of an airplane and I must point out to him again that it is a tax on the purchase price only and of course on repair and parts that are used to improve the plane. Just as with cars, the way they've been taxed up to now, so will it apply to aircraft.

As to the valuation, I pointed out the manner by which there are appeal provisions for review of the assessment. It would be the purchase price of the aircraft and repairs prorated over the mileage of normal operations -- and I have already made clear it does not include mileage flown or having repairs made -- it's in the normal course and there are appeal provisions. I have now found in my file the bulletin referred to by the Member for Roblin. I have read the applicable section on page 4. I have no problem in understanding it. My problem is to try and figure out why he doesn't understand it.

MR. CHAIRMAN: Clause 13(4) (6)--passed; clause 13(4)(7) (a)--passed. The Honourable Member for Rhineland.

MR. FROESE. Mr. Chairman, I have some comments to make on this particular section. We are now dealing with exemption for certain private purchases and this will be purchases made from one person to another which are not considered commercial transactions; and then we're excepting certain items from this, namely snowmobiles and aircraft or the vehicle required to be registered under the Highway Traffic Act. Under this last item, "the vehicles required to be registered under the Highway Traffic Act," I think, this is something that should receive further consideration because in southern Manitoba, especially where we have many special crops and where we have a great number of old trucks which are just being used during the fall or harvest season and for the rest of the year they're not being used. I think there should be an exception made under (c) that such farm trucks would not come under this particular section and that they would be exempt. Because as I have pointed out, many old trucks are used just during the harvest season and then set aside again, and to have these old trucks assessed and taxed, I don't think that this is quite fair and I would appeal to the Minister that an exception be made under (c) and that farm trucks be exempt.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: . . . 4(7)(c) is the present law and has been the law since 1967, and there is no intention of the government to change the law as it now applies and would apply under 4(7)(c). I'm under the impression that this was a recommendation from the Revising Officer that this be put into the legislation rather than as it was in Regulation. I believe that this is his recommendation but in any event it is present law, (c) is the present law, (a) and (b) are new.

MR. CHAIRMAN: 4(7)(a)--passed; (b)--passed; (c)-- The Honourable Member for Rhineland.

MR. FROESE: Under (c) the Minister mentioned that this was part of the regulations and that is now being brought into the Act. I certainly have no quarrel in that respect that if it was on under the Regulation that rather it be in the Act. I certainly agree with that part. But I still feel that farm trucks should be exempted and I would move, therefore, that this House consider the advisability of amending Clause 13, Section 4(7)(c) by inserting the words "except farm trucks" after the word "Act" in the first line thereof;

MR. PAULLEY: Mr. Chairman, I don't believe that the proposition of the honourable member is in order . . .

MR. FROESE: Have you got a point of order?

MR. PAULLEY: It has been ruled already this session.

MR. CHAIRMAN: I think the Honourable House Leader. Since I have already during the debate on Bill 21 ruled two previous motions of this . . .

MR. FROESE: Mr. Chairman, before you make the ruling, may I, on this same point of order that was raised by the House Leader, that in previous years we were able to make motions of this type. You will also notice that many of the resolutions that are presently on the Order Paper contain the clause "and the advisability of". They're not ruled out of order, and certainly there have been no changes made in the rules that would disqualify a resolution of this type or an amendment being made. Certainly it's just a matter of interpretation that the House Leader and his colleague there, and I for one do not go along with changing the rules of interpretation from one session to another and therefore I strongly feel that this amendment is quite in order.

MR. CHAIRMAN: Order, please. I have ruled, and I will rule again, that I don't think that we can pass any legislation which states in a certain section of a statute "consider the advisability of," therefore as I twice previously ruled, I rule the amendment out of order.

MR. FROESE: Mr. Chairman, in that case I will challenge your ruling.

MR. CHAIRMAN: The ruling of the Chair has been challenged.

MR. CHAIRMAN put the question on the Chair's ruling and after a voice vote declared the motion carried.

MR. JORGENSEN: I'll ask for a recorded vote, Mr. Chairman.

MR. CHAIRMAN: Call in the members.

MR. SIDNEY GREEN, Q.C. (Inkster): Mr. Chairman, on a point of order. Is this not one of the rulings that has to be decided by the House with the Speaker putting the question. It seems to me that in Committee of the Whole House when the ruling of the Chair is challenged, the Speaker comes in and does not make a ruling. The House then makes a ruling.

MR. PAULLEY: Mr. Chairman, if I may just on this point -- (Interjection) -- I'm raising a point of order. --(Interjection) -- Mr. Chairman I'm raising a point of order and this may be decided -- (Interjection) -- Mr. Chairman, I wonder if my honourable friend would be courteous. I do want to raise a point of order and maybe my honourable friend the Member from Morris can be of assistance to me in this. I believe that it is - please don't be your usual discourteous individual. I believe that it is a rule, or a pass precedent, that the same type of a ruling can not be raised again within the same session on the same point. Now . . . --(Interjection) --

MR. CHAIRMAN: Order, please.

MR. PAULLEY: I appreciate what my honourable friend is saying, but I'm raising a matter and if it's informal, okay. I'll raise it when the Speaker gets in the Chair. But I only wish my friend would be normally courteous, he is, and just simply to holler sit down is unbecoming of my honourable friend from Arthur. I can expect it from Souris-Killarney.

MR. GREEN: Mr. Chairman, I'm not debating, I'm not debating. I am merely informing the Chairman that we have no objection to having this decided in Committee but honourable members knowing, I am appealing to the Chairman, not the ruling on the question, but his ruling that a vote now be taken because I am sure that the Chairman has made that ruling inadvertently.

MR. CHAIRMAN: Order, please. According to our House Rules I admit I am in error and the matter has to be appealed to the Chair.

IN SESSION

MR. CHAIRMAN: The Committee of the Whole was Section 4(7)(c) of Clause 13. The Honourable Member of Rhineland moved a motion that the House consider the advisability of amending Clause 13 Section 4(7)(c) by inserting the words "except farm trucks" after the word "Act" in the first line thereof, which I subsequently ruled out of order and the member challenged my ruling.

MR. SPEAKER: Shall the ruling of the Chairman of the Committee be sustained?

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

A MEMBER: Yeas and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members.

MR. SPEAKER: Order, please. The question before the House - do the members wish it repeated?

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

YEAS: Messrs. Schreyer, Petursson, Green, Paulley, Chorniack, Mackling, Uskiw, Miller, Doern, Evans, Shafransky, Toupin, Burtniak, Borowski, Pawley, McBryde, Hanuschak, Desjardins, Barrow, Gonick, Gottfried, Walding, Johannson, Uruski, Malinowski, Adam, Turnbull, Jenkins.

NAYS: Messrs. Spivak, Bilton, Watt, Craik, McKellar, Froese, McKenzie, McGill, Sherman, Jorgenson, Einarson, Graham, McGregor, Patrick, Barkman, F. Johnston, Ferguson, Blake, Moug, Henderson and Mrs. Trueman.

MR. SPEAKER: Order. One more.

MR. CLERK: Monsieur Allard. Aye?

MR. CLERK: Ayes 28; Nays 22.

MR. SPEAKER: In my opinion the Yeas have it. I declare this Chair sustained. The Honourable Member for Logan will resume the Committee.

COMMITTEE OF THE WHOLE (Cont'd)

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: I want to clarify one point for the Honourable Member . . . I assume he knows that vehicles which do not require registration, such as trucks that are used solely on the farm are not included in (c). These vehicles can use purple gas and they are not taxable because they are not required to register under the Highway Traffic Act. I assume he knows that, I'm just restating the present situation.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, isn't it a fact that all the trucks that have to be licensed as a matter of course registered under the Highway Traffic Act?

MR. CHERNIACK: Not those which are kept right on the farm and not taken on the highways.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I certainly would appeal to the government to give consideration to the motion that I made, or to the fact that farm trucks be exempted here because we have under Section 4(1) under the exempt items, I notice there's farm implements, farm machinery, and stuff of that kind, and I think farm trucks are just as important and just as necessary an item in the matter of farming as other equipment. -- (Interjection) -- Well the Minister says if used on the highways. We're not necessarily using them on the highways but by going to and fro from our fields we have to use them on public roads, and cross public highways, and probably you cannot escape but going along the highway for a mile or so because in order to get to your fields, so naturally this means that all farm trucks of necessity as a result, or most of them, have to, or come under the Highway Traffic Act registration. So I would appeal to the government to bring this exemption into force under this particular section.

. continued on next page.

INTRODUCTION OF GUESTS

MR. LEONARD A. BARKMAN (La Verendrye): Mr. Chairman, ...

MR. CHAIRMAN: The Honourable Member for --

Before the honourable member proceeds may I draw the honourable members' attention to the gallery on my right where we have 65 students from Grade 5, Lac du Bonnet School. These students are from the Constituency of Lac du Bonnet, the Honourable Minister of Agriculture. On behalf of all honourable members I bid you welcome.

COMMITTEE OF THE WHOLE HOUSE (cont'd)

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, on this same point, it's not only a matter of what the Honourable Member for Rhineland just mentioned the fact that goes further than that. There are a number of trucks that farmers are using that are just not qualified, or will not qualify to even legally go and get the license, but they're still useable on the farm. I know that the last week or two I don't know how many trucks we sold by auction that really will have a tough time passing the safety regulations and other regulations.

Now, the Minister can perhaps say that this is a different matter but it goes along the same point and I think these farmers should be allowed to use these trucks, especially if they are strictly used for hauling their grain or their livestock within their own limits whether their farm -- which they can? Well they cannot let's say take a load of grain from their farm to the first elevator, they can't really, but that point has been taken care of by the Member from Rhineland. This other point I think is important because a lot of trucks will not qualify for the requirements needed under the Highway Traffic Act. I think this should be given some consideration.

MR. CHAIRMAN: (Sections 13, 14 and 15 were read section by section and passed) Section 16 (f) -- The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): I know that matters to do with printing machinery and so on is being discussed in other places but I notice there's to be a change here with printing and binding, lithographing and so on, and the Minister can tell me with a nod as to whether or not these were exempt from taxation in the past. I think they were and I would like to acquaint him with some problems that this will bring on into the printing industry. I'm speaking particularly of those in rural Manitoba where it is going to create some hardship.

Many of the plants in recent years have changed over from flat-bed printing to offset printing and of course the materials that are included in this section are required to a large extent in offset printing. Now many of these small shops have gone to considerable expense to do this and I feel that as time goes along with this added expense that it's going to create some hardship. Many plants through circumstances beyond their control have had to make this move due to lack of experienced help and they are holding on -- and the Minister of course would be very quick to say that that this can be absorbed into the business but I must suggest to him that this has been going on for far too long now. Workmen's Compensation has been increased, Canada Pension has been increased and must be contributed to by the employer. Unemployment Insurance has been increased, Minimum Wages have been increased and all these in many instances have been taken as small amounts that should be absorbed by management. But I am suggesting to the Minister that this legislation that is before us now can add to that hardship and whatever extra costs that would be brought about by this move will of course have to be added to the general expenses and in turn go on down to the consumer. As a printer of sorts it seems to me that public resistance is becoming more evident every day and those of us that are in the business are finding it pretty rough and further taxes in this direction I feel are unwarranted. You know, Mr. Chairman, not only do these expenses add problems but added to that we must collect the taxes and if we are a day or two late there is a penalty added and the department doesn't even provide us with the postage. It may be a small matter but these things do come into general operations.

There is another point too that I would like to bring to the attention of the Minister and that is that many of the items that we are discussing now are in great demand in school divisions by school boards, hospital boards, municipal offices, have considerable amount of expensive equipment through which materials we are discussing will have to go through, and here again there will be added costs. I would ask the Minister to give some consideration to eliminate if need be this part of the Bill in order to encourage those that are in the trade and

(MR. BILTON cont'd) are finding it a problem these days to meet their commitments in so many ways.

I notice that typewriters are in there - typewriting. The Minister knows as well as I do that many of the schools throughout the province have literally dozens of these machines and here too will be an added cost that will ultimately have to be paid for by the taxation.

So with those few remarks, Mr. Speaker, I would again emphasize that in passing this part of the Bill a burden is being placed upon the small businesses throughout rural Manitoba that's going to have its effect, and serious effect, in the future.

MR. DEPUTY CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I must say that my first reaction is holy doodle!

What does the honourable member think we are doing? If we eliminate this section of the Bill then we are leaving in the section that he seems to be complaining about. The section in the present Act covers all those items that he is complaining about and if we eliminate this section from the Bill then the only effect we will do is to be increasing revenue to the Province because the effect of this change is to -- the real effect is to exempt from taxation libraries or books that are being bound, rebound, for private individuals that under the present law are being taxed and we have removed that by - the honourable member obviously doesn't have a copy of the original Act -- but this is practically identical with the original Act only the original Act exempted newspapers, magazine or book which is intended to be disposed of by sale. Now we have removed the words "which is intended to be disposed of by sale" and this now means that public libraries which have been taxed under the present law will no longer be taxed. So that this section that we have here is a relieving section. It relieves a certain element of the present tax paying public. And I don't think the honourable member really wants us to remove it because if we remove it we will be back to where we were and where we were was the taxation that he's complaining about. So surely he doesn't want this removed. He may want to go back and remove a section in the original Act which taxed printing, etc. I should therefore be completely accurate by saying we are removing the word "book", the second word, it says printing, binding in this section. The original Act says printing bookbinding and this is recommended to us as -- the elimination of the prefix "book" to bookbinding is recommended because it would appear as if what had been left out was matters like binding ledgers or binding documents in a business way. But certainly this is a relieving section, it's a reduction in revenue - I'm not saying it's much - but at least it will relieve the taxation now on schools as well, let me point out, because -- well in the case of schools I suppose they have been purchased but if a school or a library wants a book rebound, a damaged book rebound, it would be taxable, library I know for sure, and this removes that tax. So that this is a relieving section that may not go as far as the honourable member wants, but it is slightly less onerous than the present law and I'm sure he wouldn't want to have this section removed.

He referred to typewriting. I would point out that services of a typewriting nature performed by the employees of the person doing it are not taxable and I think he may have misapprehensions about that. But I assure him that this is -- I'm not saying it's a big relief but it is a slight relief which is recommended by the administration to relieve libraries or private individuals who have books rebound. That's the major change.

MR. DEPUTY CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman, I say holy doodle right back to the Minister and suggest to him that what I am concerned about here - and I could be entirely wrong - but I'm thinking in terms of small shops that do job printing not binding, that will have to use these materials that are included in this section for general printing.

MR. CHERNIACK: Mr. Chairman, the honourable member didn't understand me. I wish he would look at the present Revenue Tax Act, and I can assure him that there is no additional tax being imposed by replacing the present section by the new one; indeed there is a very slight loss in revenue.

MR. DEPUTY CHAIRMAN: . . . 16 -- passed. 17 5 (4) -- The Honourable Member from Fort Garry.

MR. SHERMAN: Mr. Chairman, I would appreciate some direction from the Minister as to the impact of this particular section and some clarification on the meaning of the clause. Just what is involved here in the acquisition of revenue or the availability of revenue to the government in the production equipment field where repairs are concerned? I ask the Minister for some direction on this because in all the earlier debate on the tax on production equipment

(MR. SHERMAN cont'd) we talked about purchase and leasing situations and conditions and I have not had a chance to examine the legislation from the point of view of repairs to that equipment and I would appreciate some direction from the Minister on it. What additional burden, if any, is contained here for manufacturers?

MR. CHERNIACK: Mr. Chairman, in answer to the honourable member. This is a loss, it's not addition, it's a relief, and that is why we are estimating a lesser amount for this year than we are for the following year, because this is to take care of any orders that are given prior to budget date when the announcement was made. Where the order has been given but the delivery or the completion of the work will not take place until up to November 1st, then if a tax is payable the Minister may refund the tax upon being satisfied that the goods were ordered on or before the 6th day of April 72, the consideration was fixed before that, but the delivery has not yet taken place. So until November 1st, if the delivery takes place prior to November 1st then the amount of tax that will be charged can be refunded by the Minister. So there's no additional revenue, it's a reduction in revenue.

MR. DEPUTY CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: I thank the Minister for that direction. Then after November 1st the tax will apply to all repairs to production equipment that are covered under this section of the Act? November 1st the tax comes into effect. How does that compare with the present situation in respect to repairs to production equipment?

MR. DEPUTY CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, we have passed the legislation that provides for taxation of production equipment. Having passed that, we are in this section recognizing that some people placed orders before it was known that we were going to tax them, so that they will now have until November 1st to get delivery and be tax free or tax refunded.

May I say that as I understand it when the previous Act was passed and this situation occurred that the deadline date was much earlier than the November 1st date as it is in this case, but I am informed - I haven't checked it myself - it's a similar provision as was originally provided generally for repairs to taxable items only we have extended the period by a number of months longer. I think the difference would have been May 1 under the old Act and November 1 under our present proposal, so we are giving pretty pretty ample room for people who are adversely affected by having made an order prior to budget date but won't get delivery until November 1st. Does that answer the question?

MR. DEPUTY CHAIRMAN: (a) -- passed . . .

MR. FROESE: Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Am I to understand that this section will not be effective after November 1st? I know it gives a wide latitude or discretion to the Minister and I hope he uses it correctly, but surely enough applications can be made within that period of time. But as to the refunding this could take much longer, therefore the section could be actually effective as far as the refunding itself to a much later date. Am I correct?

MR. CHERNIACK: Mr. Chairman, from reading this and my intent is that deliveries after November 1st will be taxed but if they are before November 1st they will be refunded.

MR. DEPUTY CHAIRMAN: (Sections 17 to 20 were read and passed) 21 - passed; 15 (2) -- passed. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I wonder if the Minister could give a little further explanation on this particular section. I'm not quite sure of the intent.

MR. CHERNIACK: Mr. Chairman, my notes tell me that this is now in regulation and the Revising Officer had recommended that it be put into the legislation rather than regulation so the honourable member will certainly agree with that principle. What it is - it reads rather clearly that it is to protect -- well I would say that it is to a large extent to protect the competition of people within the province who have to pay tax and contract out their work, and people coming in from another province who don't pay the tax to Manitoba to perform work. So the purpose here is to make a contractor coming into the province to do work to make him liable to the same extent that contractors from within the province are liable for taxation, and this is a procedural matter of how to protect the revenues of the province, and as I say I am informed that it is just taken out of the regulation and put into the Act.

MR. DEPUTY CHAIRMAN: 15 (3) -- passed; 21 -- passed; Oh 15 (4) -- passed, I'm sorry. 21 -- passed; 22 -- passed; 23, 24 (5) -- passed; 23 -- passed. The Honourable

(MR. DEPUTY CHAIRMAN cont'd) Member for Roblin. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I'm afraid to say what I'm going to say but I'm going to say it anyway. The reason I say I'm afraid to say it is that I would like to reopen a section and hope that I will not invite great debate, and I think I need permission so to do. I would like to reopen . . .

MR. DEPUTY CHAIRMAN: Leave? Leave granted.

MR. CHERNIACK: Well I'm glad that I've got leave but I hope I haven't opened up a whole new area. --(Interjection)-- It's Section 4, subsection 3 (18) which provides for a refund of tax on leases up to November 1st and is very similar to what we have just discussed about repair work where the lease provision would take effect if entered into before Budget date - members will recall that we debated at length lease provisions that would be effective May 1st, but those are lease provisions that may have been entered into after Budget date and prior to May 1st. This Section 3 (18), which is passed, was one which extended that a lease arrangement entered into before Budget date could be extended tax free up to November 1st. Now because of approaches that have been made to me after the bill was introduced, and discussions I've had, I feel that there may be certain cases where there would be a hardship on people who have entered into lease arrangements that are honest to goodness lease arrangements where even the November 1st date might be unfair. Now I've indicated to the House that I would like to be able to look at special cases in order to judge whether or not they are entitled to a longer period than November 1st, and there is a provision in the Act which gives the Lieutenant-Governor-in-Council certain powers for release in cases of - let me be more precise - in the present power, that's Section 28, subsection (n) for purposes of relaxing the strictness of the law relative to the incidence or the collection of the tax in cases where without relaxation great public inconvenience, or great hardship, or injustice to persons or individuals could not be avoided, so that's a provision the Lieutenant-Governor has the right in special cases to make certain exemptions or give refunds.

What I am asking for is an amendment to this Section 3 (18) that would permit the extension of the refund period beyond November 1st in certain cases. And may I say that I have a note signed by the Lieutenant Governor, addressed to the Speaker of the Legislative Assembly: "I have been informed of a proposed amendment to Bill 21, an Act to amend The Revenue Tax Act, the Tobacco Tax Act and the Amusements Act, to provide for means by which refunds may be made of tax payable under the Revenue Tax Act in respect of the rental of leased production machinery that are subject to lease agreement entered into before April 7, 1972 and which rental payable is after November 1, 1972", and he recommends the proposed amendment to the House. So I would like to make an amendment which will extend, not extend the time but extend the right of the government to make special provisions beyond the November 1st period in order to take care of special cases, and therefore I beg to move -- do I need a seconder, I don't think so in Committee, but I've got seconds if it's required, Mr. Chairman -- THAT the proposed subsection (18) of Section 3 of The Revenue Tax Act, as set out in Section 4 of Bill 21, be amended

(a) by adding thereto, immediately after the figures "1972" in the third line thereof, the words "or such later date as may be fixed in the regulations in respect of any class of machinery, equipment, or apparatus, or as may be prescribed by the Minister in respect of any specific case"; and

(b) by adding thereto at the end thereof, the words "or that later date if applicable in the case."

Mr. Chairman, the purpose, as I say, is to enable the possibility of extending the period beyond November 1st in the case of certain classes of goods which are brought to our attention as justifying that kind of extension. I would think that this should be acceptable to the House as it grants the possibility of further relief to taxpayers in case in inequities. I hope I'm not inviting a reopening of the whole debate.

MR. DEPUTY CHAIRMAN: (a) as amended -- passed. The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, I can assure the Minister he's not reopening the whole debate but we would like it observed here that we are very gratified to recognize that some of the representations made by members on this side of the House, and by various representatives of the economic community have met a constructive response from the Minister and we would

(MR. SHERMAN cont'd) like to record our support for this consideration that he is showing. At the same time we would hope that he'll be considering a number of other similarly constructive amendments to the bill.

MR. DEPUTY CHAIRMAN: (b) as amended, 13 (8) as amended -- passed; (4) as amended -- passed; 24 (5) -- passed; 23 -- passed. The amendments to the Tobacco Tax Act, 24 -- passed; 24 (3) (1) (a) -- The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, we are now going to impose an additional tax on . . .

MR. CHERNIACK: I wonder if the honourable member would permit me for a moment - I think if he's not talking about (a) specifically, may I indicate that I do have an amendment that - I think I referred to it very early in the proceedings. I'm wondering if he's going to talk about it generally whether I could introduce my amendment and then enable discussion unless he wants to speak about (3) (a) because my amendment follows (b). --(Interjection)-- Oh on (a) specifically. Sorry.

MR. FROESE: Mr. Chairman, we are now dealing with the imposition of a tax, namely the cigarette tax, and under (a) this means that we will be increasing the tax quite substantially percentagewise, and this government has prided itself during the time that it has been in office that they bring in taxation on the ability-to-pay principle. And certainly I think this particular tax doesn't go along those lines at all. In fact I think we're taxing the people that are after all, all possessed of the habit that they can probably not shake and many of the poorer people in this province have this habit and therefore are paying a very substantial cost, living cost for that matter because this is part of the monies that they use as a living expense, and now we are going to increase it, and I take exception to this. I don't feel that we should be increasing this particular tax on many of these people. If it was on ability-to-pay principle I wouldn't mind because surely some of the people can afford to smoke and it's a luxury to many, I imagine, but to some of the people that are on relief and this means that most likely that welfare will have to be increased because we're increasing the cost of smoking. And I'd like to hear from the Minister in charge of welfare whether his department does not make allowance when giving assistance to people on relief and on welfare to giving them an allowance for smoking, and so that in fact we will have to increase the assistance to these people because we're going to tax them more on cigarettes. Certainly I will not support this particular aspect of this bill.

MR. DEPUTY CHAIRMAN: The Minister of Finance. I'm sorry. Would you hold on for a moment, please.

(b) -- passed . . .

MR. FROESE: Mr. Chairman, if the none of these people are going to respond, I mentioned the other day that from the B. C. Budget that Manitoba is the highest province on record on taxing cigarettes, and if they want to hear it again I certainly could go over it once more and tell them, but I would like to hear from the Minister of Welfare whether this is not the case, whether we are not actually extending assistance to people on welfare for the purpose of smoking. And that as a result of this tax that we're imposing here that we will have to give more assistance to people of this type.

MR. CHERNIACK: Mr. Chairman, the answer is, I'm informed, and I believe that we do not provide special allowances under welfare for people to provide them with smoking opportunities, or drinking opportunities, and the general question raised by the honourable member I think has been debated by all members of the House very substantially during the debate on this bill, and therefore I don't intend to respond to that . . .

MR. DEPUTY CHAIRMAN: (b) -- passed; (c) -- The Minister of Finance.

MR. CHERNIACK: I indicated earlier that after discussions with the tobacco or the cigar industry to be specific, it was pointed out that there are certain cigars that are sold in packaged form at something over four cents per but in the package form it's - I forget - 35 or so cents a package and therefore the cigar industry, and I think I quoted them as indicating that they were very pleased with the discussions that were held with our administration in regard to the whole matter. When the matter was reviewed with them it was thought advisable to provide for an adjustment, a downward adjustment of the tax on that type and priced cigars, so that may I indicate that I would like at this stage to move:

THAT the proposed new subsection (1) of section 3 of The Tobacco Tax Act, as set out in section 24 of Bill 21 be amended by relettering clauses (d) to (1) thereof as clauses (e) to (m) respectively, by striking out clause (c) thereof and substituting therefor the following clauses:

(MR. CHERNIACK cont'd)

(c) one and one-half cents on every cigar purchased by him for a price at retail of more than four cents and less than six cents;

(d) two cents on every cigar purchased by him for a price at retail of six cents or more and not more than eight cents.

And may I say, Mr. Chairman, that I have a message from His Honour the Lieutenant-Governor addressed to the Speaker of the Legislative Assembly which reads: "I have been informed of the proposed amendment to Bill 21 to fix the tax that would be payable on cigars purchased for more than four cents and less than six cents at one and one-half cents. I recommend the proposed amendment to the House." And may I just indicate that this is a certain relief, and the one and a half cents will not make it possible for a retailer to justify any fractional increase beyond the tax on the base of the tax because these are packaged in even numbered cigars. I think there are eight to the package and therefore the price rather than going up by two cents as would have been under the present proposal which means sixteen cents for the package, it will only go up 12 cents for the package, which is consistent with a general formula that had been applied. So that's the purpose of that amendment.

MR. DEPUTY CHAIRMAN: (c) as amended -- passed; (d) -- The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I wanted to ask a couple of questions here to clarify the amendment. First of all is the Minister saying that there are packages - that it is brought in specifically to apply to packages that have even numbers in them? Because if it's not restricted to even numbers, most have five cigars in them, and of course packages exist in ranges all the way through (c), (d), (e), (f), (g) and on up, and his rationalization for bringing this in would appear in incomplete if it's base solely on the argument that cigars come in packages.

MR. CHERNIACK: Mr. Chairman, I have cigars sitting in my office now which were left with me by my Assistant Deputy Minister and I said if those cigars are paid out of public funds I better not have them, and he assured me he bought them himself out of his own funds. He went shopping around to check on the prices and the method of packaging and he satisfied himself that this price range that we are now amending is generally sold in packaged cigars in such a way where they do not come individually wrapped within the package and therefore are not normally sold individually. Now there may be, but I am told it would be a very very small exception if any of cigars in this price range that are sold as an individual cigar. Apparently the day of the old five cent cigar just is gone, except in this very rare case. The cigar industry has indicated that this will take care of the one main concern that they had that the price would be bumped on these small priced cigars and therefore this adjustment was made. I can't guarantee that they will only be sold in package, nor that they will only be sold in even numbers per package, but the indication from the industry is that that is the way it normally is and as far as the personal investigation of my Assistant Deputy Minister, it seems to confirm it.

MR. DEPUTY CHAIRMAN: (e) -- passed; (f) -- passed; (g) -- passed; (h) -- passed; (i) -- passed; (j) -- passed; (k) -- passed; (l) -- passed; (m) -- passed; 3 (1) as amended -- passed; 24 -- passed; 25 (10) (4) (1) -- The Honourable Member for Rhineland.

MR. FROESE: I would definitely vote against this section, I'd like to have a vote.

MR. DEPUTY CHAIRMAN: Which section? 24 - The motion by the Honourable Member for Rhineland. A vote on 24. All those in favor of this section please say aye - all those opposed to Section 24 please say nay. I believe the ayes have it and declare the motion carried.

MR. FROESE: Yeas and nays.

MR. DEPUTY CHAIRMAN: Call in the members. Order please. The question that arose was on whether or not section 24 passed.

A COUNTED VOTE was taken the result being as follows:

YEAS, 26; NAYS, 20.

MR. CHAIRMAN: Section 24 as amended passed. I declare the motion carried.

25 (10) (4) (1) -- passed; 25 -- passed; 26 (14) (4) (a) -- passed; (b) -- passed; (c) -- The Honourable Member for Rhineland.

MR. FROESE: On section 26 (14) (4) (d), I mentioned the rate of interest at the time the Minister explained, I still feel that it is too high, but I certainly won't make any motions

(MR. FROESE cont'd) at this time, but I just want to go on record as stating that I feel that this rate is too high.

MR. DEPUTY CHAIRMAN: (c) -- The Honourable Member for Roblin.

MR. McKENZIE: Mr. Chairman, I am wondering with regards to this section here that how much money is outstanding to vendors around the Province?

MR. CHERNIACK: Mr. Chairman, I've already indicated to the Honourable Member for Rhineland that the nine percent tax is presently being charged in the case of sales tax, Revenue Tax Act, it is an interest payment required to be made by people who are actually handling government money. It's not their own money. It's not interest on their own money. It's interest on monies which they are late in paying over to the government, and it is a deterrent to anyone to use government funds to finance their own business, say, at six percent. They would be able to delay payments and finance their own operations at a lesser rate than they pay to the bank and that is the reason the nine percent; but that's also the reason for providing for the rates to be fixed in the future by regulation which I believe is consistent with the Revenue Tax Act. So that as interest rates adjust as the bank rates adjust, so can this rate. But this is really an interest charge on monies that should be paid and there's no excuse for . . . of it. The Member for Roblin seemed to ask how much money was outstanding, and I'm surprised that he expects me to be able to answer the question. I suppose maybe an Order for Return would be in order, I don't know.

MR. DEPUTY CHAIRMAN: (d) --

MR. McKELLAR: One question, I notice they are compounded annually. Has that always been the policy of the government?

MR. CHERNIACK: That's my understanding.

MR. DEPUTY CHAIRMAN: (d) -- passed; (e) -- passed; 14 (4) -- passed; 26 -- passed; 27 (15) (1) (a) -- passed; (b) --. The Member for Rhineland.

MR. FROESE: Mr. Chairman, on this item that every dealer shall keep a record - is this something new, or is this something that was carried over from . . . ?

MR. CHERNIACK: I am informed that this again was in regulation and the department thought it be well to have it in the Act rather than in the regulations. I am told is not precisely the same as was in the regulation, but elaborates and clarifies what is the regulation.

MR. DEPUTY CHAIRMAN: The Member for Roblin.

MR. McKENZIE: Mr. Chairman, on the same section - I guess this is about the only place I can bring the point to the attention of the Honourable Minister - is that the vendors of this province again are being asked to do more work, keep more records, and I think they have done a fair job for government in collecting this tax. I know I can't make an amendment to the Act, but I'd sure like to appeal to the Honourable Minister to find some way to increase the commission to the vendors. I don't know how many vendors would be in this group. There's very few that are involved in the routine and the collection of monies for government, and the wages that we get at the present time it's hardly worth mentioning the amount, it's so minimal. I would certainly appeal to the Minister again to try and see the vendor's side of it, and see if there isn't some way the commission could be readjusted.

MR. CHERNIACK: Well, Mr. Chairman, there's no question that there has been greater and greater demands made on individuals and businesses in Canada, and I suppose everywhere, to do what they would term government business, the trend as you well know in income tax deductions, and so many areas where business is required to carry on in such a way as to report and collect for governments generally. This is a problem not related only just to Tobacco Tax, it is a general problem. The Federal Government pays nothing of course for income tax deductions say, or unemployment insurance, and all those things. In Ontario in the last budget you will recall that they have reduced their expenditures by some \$10 million by cutting out commissions entirely, arguing that this is the cost of operation. In order to do business you have to do this. Now we have not decided to follow the Ontario's decision, but I am told that it's equivalent to some one and one half million dollars that we pay out in total commissions in its entirety. I don't mean in this section alone, but in the whole operation, and a million and one half dollars is a lot of money to deal with, but we're not proposing any change, although I understand what the Member for Roblin said, and I'm sympathetic to it. On the other hand I do think it is a cost of doing business in the province and in the country.

MR. DEPUTY CHAIRMAN: The Member for Rhineland.

MR. FROESE: Mr. Chairman, I don't necessarily want the Minister to respond to what

(MR. FROESE cont'd) I have to say but I know there's another tax bill coming forward where we will be obligating ourselves to pay three percent for collection of taxes under the Sales Tax Act, it's two percent, and I've had complaints from smaller businessmen in my locality for the payment they receive for the work involved, and they feel that it's too small. As the Member for Roblin has stated, I certainly go along with him, for them to employ extra people and this is what it means for certain businesses to keep all the various charges that are required by government today. In bigger businesses maybe this is not so much the case because they have more staff and maybe it's more convenient for them to do so, but for many of the smaller businesses I, too, feel that we should consider an increase for the collection of this type of tax.

MR. DEPUTY CHAIRMAN: The Minister of Finance.

MR. CHERNIACK: I'm pleased to be able, although I said I wouldn't, I couldn't respond to the Member for Roblin on outstanding taxes, I am informed that re Tobacco Tax collections that there are no major outstanding amounts that are known to the Assistant Deputy Minister at this time.

MR. DEPUTY CHAIRMAN: 15 (1) -- passed; 27 -- passed; (2) -- passed; 28 (b) (1) (5)-- The Member for Fort Garry.

MR. SHERMAN: With respect to this particular section, I would like some direction from the Minister as many art groups in the province would, as to just what precisely constitutes an amateur amusement. I may have overlooked that definition in the Act but although there is a definition of amusement and place of amusement, there is not a definition under the terms of the Act of amateur amusement. Now one of course is familiar with the accepted definition of amateur, but whether that is the definition intended by this legislation is another question.

The question that many arts groups ask, and one in particular is Rainbow Stage, is whether or not they are going to lose the exemption, or lose the privilege of not having to charge the amusement tax on their admission fees, and whether the Minister had in mind a program whereby even though should they be qualified for an exemption he would make it mandatory for organizations like Rainbow Stage to collect the tax, and then he would refund it to them later. It's obvious that they would like to avoid that kind of bookkeeping expense if at all possible, and the question has been posed to me by representatives of some of these arts groups as to whether that is what the Minister has in mind. I can't tell precisely from the legislation whether that is what the Minister has in mind because as I say I don't know what he means by amateur amusement. I would also like to ask, Mr. Chairman, . . .

MR. DEPUTY CHAIRMAN: The time is now 12:30. I am leaving the Chair to return at 2:30.

This is Mr. Malinowski's speech in Polish, Tuesday afternoon, May 2, 1972.

Panie Konsulu Oraczewski, Pierwszy Sekretarzu Polskiej Ambasady Rzeczy Pospolitej Ludowej, Panie Doktorze Muszyński, oraz panie Prof. Shebeski.

W imieniu naszego Sejmu Prowincji Manitoby pragnę Was powitać i życzyć Wam miłego pobytu wśród nas tutaj w Prowincji Manitoby. Pragnę abyśmy mogli w jakiś sposób zbliżyć bardziej naszej uczucia kanadyjskie z polskimi.

Jestem dumny z tego, że jako polski emigrant reprezentuje ludność Prowincji Manitoby, okręg Point Douglas i pragnę Wam życzyć miłego pobytu, i aby Wasza wizyta przyczyniła się do bliższej współpracy między nami na polu kulturalnym i handlowym.

Mr. Oraczewski, Consul of the Polish Embassy in Ottawa, Dr. Muszynski of the Polish Department of Agriculture and Professor Shebeski of Department of Agriculture at the University of Manitoba.

On behalf of the Members of the Legislative Assembly of Manitoba, I'd like to express warm greetings to welcome you, and also wish you a very pleasant stay in our sunny province. To bring our Canadian feeling of identity a little closer to the Polish feelings, I'd like to share with you my feeling of great pride at the fact that as a Polish immigrant, I am able to represent a segment of Canadian population - namely Point Douglas - in the Legislative Assembly as a member of parliament for Manitoba. I also wish to express great hope that your visit with all the pleasant memories of our country will be able to bring closer our two nations equally in understanding and sharing our cultural wealth as well as in our mutual development of Industry and Commerce.