

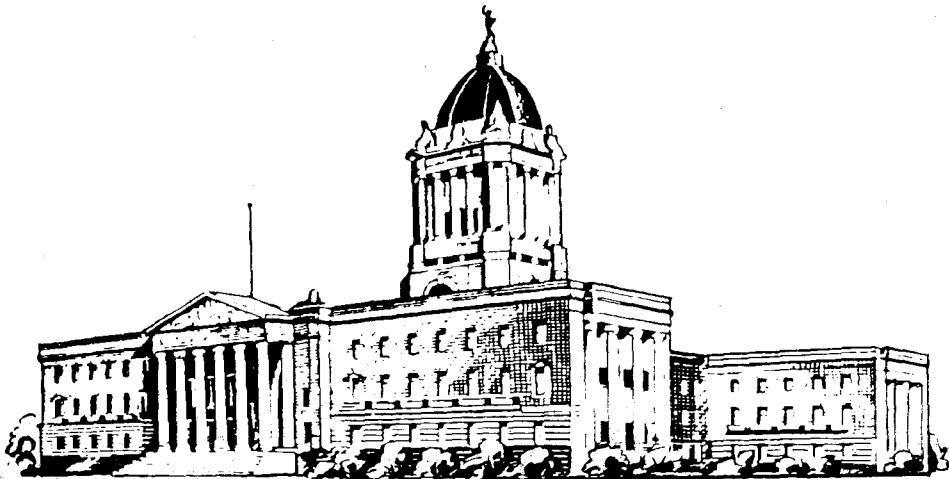


Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXI No. 164 10:00 a.m. Saturday, June 8th, 1974.

First Session, 30th Legislature.

Electoral Division	Name	Political Affiliation	Address	Postal Code
ARTHUR	J. Douglas Watt	P.C.	Reston, Man.	ROM 1X0
ASSINIBOIA	Steve Patrick	Lib.	10 Red Robin Pl., Winnipeg	R3J 3L8
BIRTLE-RUSSELL	Harry E. Graham	P.C.	Binscarth, Man.	ROJ 0G0
BRANDON EAST	Hon. Leonard S. Evans	NDP	Legislative Bldg., Winnipeg	R3C 0V8
BRANDON WEST	Edward McGill	P.C.	2228 Princess Ave., Brandon	R7B 0H9
BURROWS	Hon. Ben Hanuschak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
CHARLESWOOD	Arthur Moug	P.C.	29 Willow Ridge Rd., Winnipeg	R3R 1L5
CHURCHILL	Les Osland	NDP	66 Radisson Blvd., Churchill	ROB 0E0
CRESCENTWOOD	Harvey Patterson	NDP	978 Garwood Ave., Winnipeg	R3M 1N7
DAUPHIN	Hon. Peter Burtniak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ELMWOOD	Hon. Russell J. Doern	NDP	Legislative Bldg., Winnipeg	R3C 0V8
EMERSON	Steve Derewianchuk	NDP	Vita, Manitoba	ROA 2K0
FLIN FLON	Thomas Barrow	NDP	Cranberry Portage, Man.	ROB 0H0
FORT GARRY	L.R. (Bud) Sherman	P.C.	86 Niagara St., Winnipeg	R3N 0T9
FORT ROUGE	Lloyd Axworthy	Lib.	132 Osborne St. S., Winnipeg	R3L 1Y5
GIMLI	John C. Gottfried	NDP	44 - 3rd Ave., Gimli, Man.	ROC 1B0
GLADSTONE	James R. Ferguson	P.C.	Gladstone, Man.	ROJ 0T0
INKSTER	Hon. Sidney Green, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
KILDONAN	Hon. Peter Fox	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAC DU BONNET	Hon. Sam Utskiw	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAKESIDE	Harry J. Enns	P.C.	Woodlands, Man.	ROC 3H0
LA VERENDRYE	Bob Banman	P.C.	Steinbach, Man.	ROA 2A0
LOGAN	William Jenkins	NDP	1294 Erin St., Winnipeg	R3E 2S6
MINNEDOSA	David Blake	P.C.	Minnedosa, Man.	ROJ 1E0
MORRIS	Warner H. Jorgenson	P.C.	Morris, Man.	ROG 1K0
OSBORNE	Hon. Ian Turnbull	NDP	Legislative Bldg., Winnipeg	R3C 0V8
PEMBINA	George Henderson	P.C.	Manitou, Man.	ROG 1G0
POINT DOUGLAS	Donald Malinowski	NDP	23 Coralberry Ave., Winnipeg	R2V 2P2
PORTAGE LA PRAIRIE	Gordon E. Johnston	Lib.	135 - 16th St. S.W., Portage la Prairie, Man.	R1N 2W5
RADISSON	Harry Shafransky	NDP	4 Maplehurst Rd., Winnipeg	R2J 1W8
RHINELAND	Arnold Brown	P.C.	Winkler, Man.	ROG 2X0
RIEL	Donald W. Craik	P.C.	3 River Lane, Winnipeg	R2M 3Y8
RIVER HEIGHTS	Sidney Spivak, Q.C.	P.C.	Legislative Bldg., Winnipeg	R3C 0V8
ROBLIN	J. Wally McKenzie	P.C.	Inglis, Man.	ROJ 0X0
ROCK LAKE	Henry J. Einarson	P.C.	Glenboro, Man.	ROK 0X0
ROSSMERE	Hon. Ed. Schreyer	NDP	Legislative Bldg., Winnipeg	R3C 0V8
RUPERTSLAND	Harvey Bostrom	NDP	Manigotagan, Manitoba	ROE 1E0
ST. BONIFACE	J. Paul Marion	Lib.	394 Gaboury Place, Winnipeg	R2H 0L4
ST. GEORGE	Hon. Bill Uruski	NDP	10th fl., 330 Portage Ave., Wpg.	R3C 0C4
ST. JAMES	George Minaker	P.C.	318 Ronald St., Winnipeg	R3J 3J8
ST. JOHNS	Hon. Saul Cherniack, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ST. MATTHEWS	Wally Johannson	NDP	418 Home St., Winnipeg	R3G 1X4
ST. VITAL	D.J. Walding	NDP	26 Hemlock Place, Winnipeg	R2H 1L7
STE. ROSE	A.R. (Pete) Adam	NDP	Ste. Rose du Lac, Man.	ROL 1S0
SELKIRK	Hon. Howard Pawley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SEVEN OAKS	Hon. Saul A. Miller	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SOURIS KILLARNEY	Earl McKellar	P.C.	Nesbitt, Man.	ROK 1P0
SPRINGFIELD	Hon. Rene E. Toupin	NDP	Legislative Bldg., Winnipeg	R3C 0V8
STURGEON CREEK	J. Frank Johnston	P.C.	310 Overdale St., Winnipeg	R3J 2G3
SWAN RIVER	James H. Bilton	P.C.	Swan River, Man.	ROL 1Z0
THE PAS	Hon. Ron McBryde	NDP	Legislative Bldg., Winnipeg	R3C 0V8
THOMPSON	Ken Dillen	NDP	1171 Westwood Dr., Thompson	R8N 0G8
TRANSCONA	Hon. Russell Paulley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
VIRDEN	Morris McGregor	P.C.	Kenton, Man.	ROM 0Z0
WELLINGTON	Philip M. Petursson	NDP	681 Banning St., Winnipeg	R3G 2G3
WINNIPEG CENTRE	J.R. (Bud) Boyce	NDP	777 Winnipeg Ave., Winnipeg	R3E 0R5
WOLSELEY	I.H. Asper	Lib.	Legislative Bldg., Winnipeg	R3C 0V8

THE LEGISLATIVE ASSEMBLY OF MANITOBA

10:00 o'clock, Saturday, June 8, 1974

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements or Tabling of Reports; Notices of Motion; Introduction of Bills. The Honourable Member for Rhineland.

INTRODUCTION OF GUESTS

MR. ARNOLD BROWN (Rhineland), on behalf of the Member for Minnedosa, introduced Bill No. 94, an Act to amend an Act respecting the Agricultural and Community District of Newdale.

ORAL QUESTION PERIOD

MR. SPEAKER: Questions. The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q. C. (Leader of the Opposition) (River Heights): Mr. Speaker, my question is to the Minister of Finance. I wonder if he could indicate (and again this is one of those questions that possibly should have been asked of the Provincial Auditor but was not, and the reason for asking it now is a result of an Order-in-Council passed this week, or during this week) - I wonder if he can indicate the procedures that are followed with respect to the Provincial Auditor and the Federal-Provincial agreements, in which there is cost-sharing and there is to be access to both records to determine the amounts that have been paid on the initiatives undertaken. Is the Provincial Auditor's office involved in that or is it just strictly the Department of Finance involved?

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q. C. (Minister of Finance) (St. Johns): I'll take that as notice, Mr. Speaker. It's obvious to me that the Provincial Auditor is aware of it whether it is before or after. I would expect that it would be after part of his audit to make sure that it was carried out properly, but since I'm not sure I'll take it as notice.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: My understanding is that if there is a question of discrepancy arising, the auditors are entitled to go in and do examination both on part of the Federal and Provincial Government. I would wonder then if he could indicate whether there have been any situations in which the Provincial Auditor has had to go in with respect to initiatives in relation to programs in which there is cost sharing, and in which an investigation has had to be requested.

MR. CHERNIACK: Mr. Speaker, it's still under notice. It will be on record. But may I just ask for clarification, whether the Honourable the Leader of the Opposition is asking whether the Provincial Auditor goes in to check the federal books?

MR. SPEAKER: Order please. Again, I think we are starting to have a cross-fire. If the honourable gentlemen have something that they have to discuss privately, very well. I don't see that the question period is for repartee back and forth and inquiring of each other.

MR. CHERNIACK: Mr. Speaker, if I may, on your point of order. This is not a repartee. I want a clarification whether the Honourable Member wished me to find out about the inspection of Federal books. It's not a debate.

MR. SPEAKER: Very well, but I would suggest that if the honourable gentlemen would utilize the courtesy of giving notice, then all the information could be had in advance. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my understanding is that access to the records are available for both the federal auditors and the provincial auditors.

MR. SPEAKER: Orders of the day. The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, I have here for the Honourable Member for Lakeside, not a Return to an Order since it wasn't an Order for Return, but a question had been asked. I undertook to provide a written report in respect to Manitoba Hydro construction progress, and accordingly I have copies here for the Honourable Member for Lakeside and one for the table.

MR. SPEAKER: Orders of the day.

MR. SCHREYER: Sorry, Mr. Speaker, I also did undertake to provide to the Honourable the Leader of the Liberal Party and the Member for Lakeside, I believe, a copy of the Letters of Intent exchanged between Manitoba Hydro and Northern States Power. Accordingly, three

ORAL QUESTIONS

(MR. SCHREYER cont'd) copies, Sir, for the two honourable gentlemen and one for the table.

ORDERS OF THE DAY - ORDERS FOR RETURN

MR. SPEAKER: Thank you. Orders of the Day. Address for Papers. The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I would like to move, seconded by the Member for Swan River, that an humble address be voted to his Honour the Lieutenant-Governor, requesting copies of all correspondence between Polar Gas Company and the Provincial Government of Manitoba, and all correspondence between the Provincial Government of Manitoba and the Federal Government relating to Polar Gas.

MR. SPEAKER: That means there is an amendment there to Polar Gas. Understood? Agreed? (Agreed) Very well. Thank you. So ordered. Order for Return. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I move, seconded by the Honourable Member for Riel, that an Order of the House for Return, do issue for a Return showing the following information: the number and names of employees in contract with the Department of Northern Affairs, and copies of all expense accounts of these employees.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Northern Affairs.

HON. RON. McBRYDE (Minister of Northern Affairs) (The Pas): Mr. Speaker, we would be quite willing to accept this order if the member would agree that we take totals of expense accounts of employees rather than copies of their expense accounts.

MR. SPEAKER: Agreed? So ordered. The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): I wonder, Mr. Chairman, would you recall Bill 77.

GOVERNMENT BILLS - BILL 77

MR. SPEAKER: Thank you. Proposed Motion of the Honourable Minister of Finance. The Honourable Minister.

MR. CHERNIACK: Mr. Speaker, in closing debate on Bill 77, I would like to make some comments about the contributions of several of the members opposite - the Leader of the Liberal Party, the Honourable Member for Riel, and the Honourable the Leader of the Opposition. The one comment that had been made relates to the omnibus feature of this bill. To the best of my recollection, Mr. Speaker, I was not aware of the 1964 precedent referred to by the Honourable Leader of the Opposition at the time that I made the decision to have it one omnibus bill. It just seemed to me that two important factors played a role. One was that the major thrust of the legislation involving some five or six different Acts was all combined in the Budget Speech, and I felt that there was a relationship between them and I thought that was one reason where we could be discussing it. Secondly, there was the usual or the occasional recurring advisability of updating sections which could be called housekeeping amendments, which were, again, consistent in several of the Acts and I thought it would be beneficial if we could discuss them all at once and settle it. I thought that that was a good way of dealing expeditiously with the business before the House. If honourable Members find it awkward, they find it awkward only in relation to the actual vote on principle, on second reading, because the point was made that members would have liked the freedom to be able to vote for or against a particular part of the bill, and that, I recognize, is denied them and I think that was the only really important point that was made. I recognize it and I don't apologize for it. I still think it was an expeditious manner in which to handle it and dispose of it.

The principle behind the bill, I suppose, is whether or not we should make adjustments in the taxation, the revenue features of this year in the budget. That really is the principle. Do we reduce some taxation and add others, or are we satisfied with the fact that we are making changes?

However, having recognized that point, I go on to deal more specifically with comments made by the Leader of the Liberal Party, who spoke about right to examine records and other features. The amendments to the Gasoline Tax Act, the Motive Fuel Tax Act, Tobacco Tax Act, and Part I of the Revenue Act (1964) can be summarized in this manner. The introductions

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(MR. CHERNIACK cont'd)of the sections were changed to agree with the Revenue Tax Act as originally passed in 1967. The relevant sections, that's the introduction of the Gasoline, Motive Fuel, Tobacco and Part I of the Revenue Act, as amended read: "The Minister, or if duly authorized for the purpose, any officer appointed by the Minister under this Act, or any Peace Officer," and that's the additional change, "may from time to time at all reasonable times and without warrant enter upon the premises of any person or any persons where business records of any person," those words were added, "are kept". Whereas the same section in the Revenue Tax Act reads and has read since 1967: "An officer appointed by the Minister for the purpose of enforcing this Act may from time to time at all reasonable times, without warrant enter upon the business premises of any person or any premises where business records are kept."

So that the difference is: "The Minister or, if duly authorized for the purpose, any officer appointed by the Minister, or any Peace Officer" - and that is about the only change, except that one can enter on premises where business records of any person are kept, and the principle there is that obviously is apparent, is that there are occasions where the books and records may be kept in premises other than the business premises of the person carrying on business.

The introduction to these sections in the Acts that I have referred to now reads before amendments: "The Minister, or if duly authorized for the purpose, any officer appointed by the Minister under this Act or any Peace Officer, may without warrant at any time enter upon the premises of any person other than a private dwelling house". --(Interjection)-- Would you wait. I'll just -- The amendment changes the phrase "at any time" that appears in the present legislation to "at all reasonable times", which is in the proposed amendment, and it deletes the prohibitive clause re the entrance of private dwelling house. The first of these changes softens the section inasmuch as under the old wording we could enter in the dead of the night and had the right so to do on business premises, and now we are limited to all reasonable times, which would be normal working hours of a business in most instances.

The second amendment was required as, and I pointed this out yesterday in dealing with another Act, some businesses operate out of the proprietor's home and it's necessary under such circumstances to treat those places of business the same as an ordinary place of business. And there are quite a number who do operate out of their own home, and that can be argued as to whether that business premise or residence is clearly residence and the denial in the present section other than a private dwelling house might be interpreted to attack the opportunity to go into the home of a person who operates and keeps his books in his own residence. Then the phrase "where business records are kept" was added to ensure that no fishing expeditions were made, that an officer entering such premises must be more than reasonably sure that business records are kept in that premise otherwise he would be subject to criticism. The Leader of the Liberal Party wish to ask me a question?

MR. SPEAKER: The Honourable Leader of the Liberal Party.

MR. I. H. ASPER (Leader of the Liberal Party) (Wolseley): Thank you, Mr. Speaker. Is it not a fact though, that the law as it now stands permits - and I concede probably that it always did - but while curing, wouldn't the Minister have liked to have cured the aspects of the law that permit officers without warrant to enter any premise, including a psychiatrist's office, including a law office, and thereby breach the privilege of confidentiality that a client has with his lawyer and seize records in a law office without any of the common law redresses that one normally has, such as appealing to a court for sealing of the material and so on.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, of course we have the same problem that when a warrant is issued ex-parte there is still the same problem of entering onto it. There is recourse. I am not aware of any occasion when the ombudsman or any MLA has been able to attack the operations of the Provincial Government - or may I say I haven't heard that much problems in relation to the Federal Government either as to abuse of the power such as suggested by the Leader of the Liberal Party, who brings in the word "psychiatrist" advisedly and pointing obviously to the Ellsberg case.

Well, I think, Mr. Speaker, that we have yet to concern ourselves if we have to protect ourselves in relation to something, having nothing to do with tax enforcement, and start worrying about that aspect. I pause at this moment to point out that of course taxation enforcement

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(MR. CHERNIACK cont'd) laws are tough, they're rigid, they do give power for investigation to enter into premises and to make searches, and one would hope that there is no abuse; and that's why I say we have MLA ombudsmen, we have the Ombudsman, and we have that kinds of protection, and I think mostly we have the record of the financial people or the enforcement people of the Department of Finance.

Now, Mr. Speaker, the remainder of the sections were basically not changed from those currently in existence in the particular Acts in question, although one important change was made in each Act, where the phrase "if a person is a dealer" was removed and a reference added "to products used as well as bought or sold". This is necessary, as in a number of instances it is necessary to determine whether a person who is not a dealer under the Act is properly applying the provisions of the Act re produce that he is using, in some instances whether in fact he should be a dealer.

In addition, under the Tobacco Tax Act, the provision which gives the right to enter a motor vehicle or any part thereof has been deleted by the amendments. Then there are other minor changes in wording, "remissible" changed to "payable", but no further substance changes have been made nor any powers added. So in summary, the introduction re the Examination of Records section, was changed to agree in substance with the Revenue Tax Act as passed in 1967, and the balance of the section left identical to the previous wording in the particular Acts in question, except for the changes that I've already mentioned.

The Honourable the Leader of the Opposition stated that, and I quote him: "We believe that no one should have the right to enter any premise without warrant and not warrant given as a fiat by a Minister." Well as I pointed out the "without warrant right" is contained in the current statute, has not been added by amendment, and therefore we do have knowledge that there has not been abuse brought to anybody's attention. May I say, Mr. Speaker, in my roughly five years of having this responsibility I can state clearly that I have not had any complaints, valid or otherwise, on the question of the right to enter onto premises.

Now the honourable member did mention his concern over the seizing of records. These amendments have been copied from existing statutes, as well as the provisions relating to goods being seized, as I have referred to - but may I say, Mr. Speaker, that in the light of the point made by the honourable member, we did have another look at it and thought that if there's any doubts about the right to access to records while they're under seizure, we should clarify the doubt and Mr. Tallin has been requested to prepare an amendment to put into statute what I believe should be in practice in any event. But I do know of cases where the Federal Department of Income Tax has seized records and made it rather impossible for business to carry on because of lack of access to the records, so that I have requested that this be done and when we deal in Committee we will deal with that. May I also say in passing that there are a couple of typos that are also being checked and will be in by way of amendment when we go into Committee.

Dealing more with comments made by the Honourable the Member for Riel - and as I say the Leader of the Opposition referred to the 1964 precedent of which I was not aware when I made the decision - but I found now that in 1964 there were changes; there was a tax on cursory telephone service and other products; there was a land transfer tax; there was an amendment to the gasoline tax, motive fuel tax, tobacco tax, Mining Royalty and Tax Act, Highway Traffic Act, Income Tax Act, Legislative Assembly Act; provided for a school tax rebate and made general provisions applicable to expenses and commencement. Mr. Speaker, that was really an omnibus, and since I was in the Legislature at the time I would be interested to go back to Hansard and find out what I said or what my leader at the time said about the presentation of an Omnibus Tax Bill in 1964. It would be interesting to see whether I was really critical of the Conservative Government for having done that. Regardless of that, it was done and I don't rely on it as a precedent, because as I say my decision was made independent of my knowledge or without my knowledge of that precedent.

However in 1972, we ourselves brought in amendments to the Revenue Tax Act, Tobacco Tax Act and the Amusements Act; they were amended in the one bill.

Now dealing with the specific other items mentioned by the Member for Riel, he asked about the control of the exemption dealing with purchase by Indians on the premises for consumption on the reserve, and he asked about registration numbers - and I think I indicated at the time he spoke that it is proposed that the exemption will be controlled by the use of registration numbers which are given by the Federal Government to all Indians in Canada from birth.

The question of extension of reciprocal arrangements has been proposed for all the

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(MR. CHERNIACK cont'd) statutes covered by the bill and enables control procedures to ensure that Manitoba residents, be they individuals or companies, who purchase items outside of Manitoba which are tax free in the purchasing jurisdiction and have them shipped to Manitoba, pay Manitoba tax the same as a person who purchases the item in Manitoba. If we don't have such a provision then persons would escape tax and maybe still do on fur coats, on jewellery, on anything else that is shipped into the province. The question of enforcement is always a difficult one, but it is hoped that by this kind of change it would make enforcement a little easier. The provision does help therefore to remove the unfair competition between a Manitoba vendor who is situated say close to the border and a vendor in another jurisdiction who could ship into Manitoba at the direction of his Manitoba customer, goods which are tax free both in the home jurisdiction and in the jurisdiction of sale. I think I said goods which are tax free - I mean, ship in goods free of tax in both jurisdictions, which I think is not really acceptable. The current Act does allow shipments by common carriers or deliveries by vendor outside of the province to be tax exempt, and is allowed the taxation division with the co-operation of other jurisdictions to ensure an exemption for a shipment outside of the province having been properly applied.

Now the point was raised by the Member for Riel on interest rate and he says, "Why by regulation rather than by legislation?" I'd indicate to him that previously to the amendment of the Revenue Tax Act, interest under that Act was set by regulation. All the amendment does here is to transfer the current rate to the Act and allows the revision of the rate to be made by regulation, so that the existing Act does not provide an interest rate at all but it does say that it shall be set by regulation. What we are saying is the interest rate is now set in the Act, but may be varied by regulation. The same provision has been proposed for the other Acts that I've referred to. In these three Acts, that is the Gasoline Tax, Motive Fuel Tax, and Part I of the Revenue Tax Act, the rate of interest has been adjusted by amendments to nine percent where it was formerly six percent, which is recognized now as being an unrealistic interest rate. The changes were made in the Tobacco Tax Act in 1972 and in the Mining Royalty and Tax Act in 1970, so that now the rates which, they are currently nine percent are now standardized, made uniform throughout.

The honourable member referred to the railway rolling stock tax for motive fuel. I might tell him the present practice, or the practice up to now has been that they would pay a motive fuel tax of 20 cents and get a rebate of 15 cents - and rather than do that we've provided the tax of five cents, so there's no change in taxation. However, he did mention the Prairie Dog Express, which one shouldn't really do. Very often one mentions something and draws it to the attention of enforcement people who may not have paid much attention to it before, but the honourable member did, so I'll give him the benefit of what I've been told. The tax transactions of the Prairie Dog Express have not come to the attention of the Taxation Division, but there was a fast interpretation by the Division as their opinion, that the status would not change because of the amendment, as the Prairie Dog Express is taxable under the old wording as well as under the new wording. The current taxable status of the Prairie Dog Express is based on an opinion by the Attorney-General's Department relating to their meaning of the words in the current Act, which I quote: "A railway company as defined in the Railway Act (Canada)." This opinion they state after examining the Railway Act: "A railway means one which crosses a provincial boundary, or one which has been declared by the Parliament of Canada to be at work for the general advantage of Canada or for the advantage of two or more of the provinces." So that under such opinion the Prairie Dog Express would not be exempt, but the Division is continuing their research in this regard and a decision can then be made as to how to apply the law and whether or not to give relief to it.

The question was asked by the Member for Riel and also by his leader, as to the cost of the two-cent reduction in gasoline and motive fuel. It is estimated by our department that the cost of the reduction of taxes as proposed in Bill 77 would approximate some seven million dollars, and it is also estimated by the Mines Department that the revenue to be expected out of the oil, or the mineral taxation act which is awaited breathlessly by all of us, will be approximately eight million, but it's just an estimate, and therefore we think this pretty well in balance and possibly creates a bit of a margin.

The Member for Riel was astute enough to note some change in wording, which I wasn't particularly aware of - but his concern that the wording of the amendments to the interest

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(MR. CHERNIACK cont'd) provision refer that payments will be payable to the Minister for the use of the Crown, and not into the Consolidated Fund - and worried whether such changes in wording may have changed the use of this revenue and be a use as different from moneys falling into the Consolidated Fund. I'm informed that the Legislative Counsel has stated that this wording which is now being used is traditional, and certainly there is no segregation made by the Taxation Division. In this regard all funds received are paid into the Consolidated Fund.

He referred to the preferred position of government re debts owing, and argued that the amendments will put the Government in a preferred position over other creditors in bankruptcy, and the Province would rank behind the Federal Government in this regard. There's references to the Gasoline Tax Act but new collection procedures are added here, unless he refers to the right to issue third party demands or a warrant to seize goods. But as I pointed out to him, what we were dealing with was trust funds. The moneys that are payable under these Acts are held by the dealer as licensee, as collector or agent for Government, and the moneys are being taxed to the user, and therefore the agent himself is not liable for payment but is liable for collection. Therefore the moneys owing are moneys paid by the user, the consumer, into the hands of a trustee for the benefit of the Government; and therefore they are trust moneys - and I believe it's clear, that we should be entitled to take our money out of the pot rather than rank in line with other creditors.

On the extension of powers re the right to examine the records, I think I've dealt with that in relation to what was said by the Leader of the Liberal Party. Now he did notice a point (I mean the member for Riel) about appointing new directors, growth in Civil Service. These are not new people, but these are the designation of existing employees - that makes it possible to appoint them or designate them as director or perhaps alternate. The reason really is, an irritation I felt, Mr. Speaker, when I found that a decision would be made by "the Minister", and then there would be an appeal from that decision to "the Minister". And it's true, I never made the decision initially, but it was made in my name. But then the appeal would come to me, and on the record it would appear as if the same person is considering the appeal, and therefore I've rather studiously avoided getting involved in the initial decision; so that in effect the decision was made by the department, the taxpayer was informed of the decision, and when an appeal came to me it actually did come to me as a new matter for me to look at - and although I may have the bias that goes along with all people who have my job, nevertheless I could look at it for the first time, not only actually as is always the case, but on the surface and apparent - and that's why we wanted that the initial decision be made by a "Director" rather than by "the Minister", but there is no need or intent to increase the staff for that purpose.

As I indicated, the railway tax got a new tax, but is a netting of five cents a gallon. The member referred to the discussion and power of Cabinet to reduce the rate. I'll deal with that - that is under Mining Royalty - I'll deal with that briefly when I comment on his leader's contribution. The definition of mine - and that's rather important, because the member did refer to that. He was concerned different mines would be taxed independently under the Act, but this isn't the case. I point out that the taxing section of the bill refers to the income derived from the operation of a mine, and the Act provides by subsection 44 as amended by Section 76 and it will read: "All mines owned, leased, occupied, worked or operated by the same person, or under the same management or control; or the income from which accrues to the same person, shall for the purposes of determining the liability to pay royalty tax, and for the purposes of calculating income from the mine, be conclusively deemed to be, and be dealt with one and the same mine, and not as separate mines." --(Interjection)-- Read it again. Well my note says Section 4, subsection 4. And, Mr. Speaker, I want to make sure that it expresses the intent, and the intent is to have one rate applied to all companies. The intent also is that if there is a change, then the change will be in the rate, not as it applies to one company but to all. And if there is any doubt - when we deal with it in committee, we can ask Mr. Tallin if there's any doubt. I have no objection to a re-wording that will carry out the intent.

Dealing now with the contribution of the Leader of the Opposition last night - well he dealt - I see, I've already dealt with the omnibus feature, with the new clauses. I recognize with him a great desire that we be fair to taxpayers, but also I think it's important that taxpayers be fair to each other. The only way they can be fair to each other is to make sure that they all equally pay the taxation and not relieve themselves of payment in such a way that the burden falls on

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(MR. CHERNIACK cont'd) other taxpayers who are honest and do the reporting. And as I say, there is no evidence of abuse; and as I say also, there's nothing new in the sections here, except that they are made uniform, are consistent with others. I will be able to refer members in almost every case, by way of a concordance, with other existing statutes where there are changes.

The Honourable Member did make a point - where the Minister suspects evasion - and I remember, I did have the answer for him, and I do want to find it because --(Interjection)-- Pardon? I have to find the bill first. --(Interjection)-- Let me find the bill. There is a section which appears on Page 8: Where the Minister is informed or suspects that a person is or about to become indebted, or liable to make any payment to a collector, deputy collector or a purchaser indebted, he may by registered letter demand of that person that the moneys otherwise payable by him to the collector be paid to the Minister. I interpret that to be an automatic garnishing order. That's all it is. He can demand - Mr. Speaker, may I transgress by referring to new Section 17(9) appearing at the top of Page 8, where the Minister is informed or suspects that there is an indebtedness coming about. If he is concerned about the tax collector paying the bill, then he is through this section entitled to make a demand on the person who is liable to the collector and therefore just as effective a garnishing order, by-pass the collector in order to get payment. That's my interpretation, I don't think the honourable member would find that objectionable.

There is another section which appears at the top of Page 10, where it deals with the Minister, if he suspects that a debtor is about to leave Manitoba may for that or any other reason by notice . . . and that is something that I think he and I remember we were taught in second of third year Law as being a necessary part --(Interjection)-- May I ask the Leader of the Opposition to signal to me if I have responded to his question. If not then we'll deal with that in Committee.

Now the right to change the rates of taxation. Mr. Speaker, you will recall that we originally had proposed that the rate of taxation would be tied to royalties and be dealt with as economic rent and would be considered that as the market changes, as world prices affect the product that we're dealing with here, and that is the use of our own natural resources which we consider are owned by the people of Manitoba, that we would be able to influence economic rent, or change economic rent in accordance with what we learn as to the market and as it changes. We have had very little quarrel with that principle, Mr. Speaker, and I might say we've not had much quarrel from the mining companies or one would know from the oil companies who accepted that windfall profits that are not related to investment or not related to the enterprise or endeavour of the individual companies is something in which the people who own the natural resources have a right to claim economic rent. For that reason we felt that we could and should have the right to charge that rent on a changeable basis in order to be able to accommodate to that problem.

Now when there was expressed the fear that the Government could by Order-in-Council bankrupt a firm or put it out of business by arbitrarily raising the rates to an unconscionable or unreasonable extent, we then thought well all right since we don't intend to do that, since we want to accomplish what we said we wanted to and did not want to give people a further opportunity to imply motives other than correct ones, that we would put a ceiling and we have done just that. What we have said is we cannot tax more than 23 percent, and that was based on a calculation of what would have been consistent with the experience for the last year plus the knowledge of the market increase at the present time. And therefore we've said 23 percent, but recognizing that market conditions may change we did provide that there could be a reduction and we do plan to look at it, to listen to the companies, to watch the market and to have the right to reduce the tax below 23 percent back to the 15 percent which is the present tax. Because that was our intent. We think it's practical, it's feasible, it's not new, it is done in other provinces and we even have that right and have had traditionally for a long time in connection with the royalty charged on Crown lands in oil, has been in the Mines Act. I think members will find it in the Mines Act as having been there for many years.

Nevertheless there's been a strong pitch made that we deny ourselves that right. We're not inclined to do so. We can look at it again; we can see in another year, especially now that the Minister of Mines has decided to let his bill rest while further discussions are carried on with the mining companies and with his own department to develop and I think probably to do a

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(MR. CHERNIACK cont'd) dry run on the basis of the Bill which he's holding in abeyance, that we can then see how it would have developed under his proposal in this year and how it does develop under this Act in this year and next year we can have another look at it with more knowledge.

So with that, Mr. Speaker, I commend the Bill to honourable members and trust that we can deal in Committee with the specific sections and complete this Bill in this House.

QUESTION put and carried.

MR. SPEAKER: The Honourable House Leader.

MR. PAULLEY: I wonder, Mr. Speaker, whether it would be agreeable to go into Committee of the Whole House. I have discussed this with the House Leader of the Official Opposition. We would, if it's agreeable go into the Committee of the Whole House to deal with Bills 89 and 77. And then if we . . . --(Interjection)--

. . . I can't find it. And then I would suggest we go into the report stage after that on the amendments. Well if you don't mind, Mr. Speaker, a short consultation.

Mr. Speaker, and to the Leaders of the other Parties, we're having a little difficulty in reaching the Legislative Counsel, and I'm wondering whether or not it would be agreeable if there are amendments that were to be proposed and referred to by my colleague the Minister of Finance, whether it would be agreeable to go into Committee of the Whole House and if we can reach Mr. Tallin - certainly make every effort to - and if we don't have those amendments it will be agreed that we will not proceed on Third Reading until those amendments are available.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, one of the problems we have is, and I think one of the values that Mr. Tallin would contribute to the discussion would be, particularly with respect to the snooper clauses, some ability to be able to, to be able to indicate both what has happened in the past and what other statutes involve. I think our concern here, and I appreciate the general desire on the part of everyone to facilitate the working of the House, but the fact is, Mr. Speaker, that with respect to the principles involved it's necessary I think to know what is in the other statutes to be in a position to deal with it with some knowledge of the legislative wording in other Acts, and possible changes that can occur.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, then rather than proceed we'll still have the hook out for our learned friend the Legislative Counsellor. I wonder then would you call Bill 83. I note the Leader of the Liberal Party is here. I'm sure that he is anxious to get cracking on 83.

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MR. SPEAKER: The Honourable Leader of the Liberal Party. Bill No. 83.

MR. ASPER: Mr. Speaker, to summarize the position we had put on the record yesterday, we take the position that offering us 40 pages of law, very complex law, at this time of the session, at a time when we have inadequate research and inadequate time for advice and consultation and inadequate community involvement in trying to perfect the Bill, we consider this to be an abuse of Government power. We also question the Government's sense of priority. The point I made yesterday being that it's our view that the Government has a finite or limited ability to act for the public. There are things required that have a greater urgency than this. That even if this were valid on other grounds we would still question the Government's decision to set up a machinery and attempt to go into a business which would have a tendency to sap the energy of any government.

Third, we question whether the Government has any mandate to do this. We recognize that there was an allusion to going into the Fire Insurance business but certainly in the election it's our view that the public was not acquainted with the Government's broader view of the insurance field, going into multiple line.

And fourth, I had made the point that if there was going to be a government intervention in this sector of the economy, and I had asked for a clarification from the Government benches as to what this was all about because we saw this and we see it as part of the trilogy of state intervention in a series of areas where it is unwarranted, or unproven to be necessary or even desirable, and therefore raises with the members of the Liberal caucus the question of is it going into business for its own sake. And because the Mines Minister had made the fairly strong statement that he wanted to go into business and the Member for St. Matthews had made the point

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(MR. ASPER cont'd) that even in the treasury branches he wasn't looking to go into areas that weren't presently serviced where there might be losses, he was looking for the most lucrative of markets, the most profitable market, because he believed, and as I believe the Mines Minister believes, that there is a reason, a justifiable reason for Government going into all sorts of business which has as its motive not service of the public but profit making.

That being the case, Mr. Speaker, we believe that Bill 83, as Bill 82, as did the Trading Corporation Act, poses for Manitoba a profound change in direction for Government. It has been standard for Government to regulate the economy, to arbitrate the economy between contending forces but not to be the economy. Because we believe that when Government has a stake as opposed to a tax interest in the economy the Government loses its credibility, Government loses its ability to act as the referee in society. Also, Mr. Speaker, we fear that since there seems to be a trend, and not denied by Government, toward going into business for its own sake, which is as I said state socialism, state capitalism -- I don't say that as any kind of an accusatory dirty word, Mr. Speaker -- that the philosophy of socialism is forced on economies, a successful one, in some cases it's valid, it's appropriate. I don't think it's appropriate for Manitoba, I don't think it's appropriate for Canada, but at least the question has now been posed and I feel that it is such a pervasive kind of a decision that this Legislature is being asked to make that more time is required, more public opinion should be expressed.

Finally, we have said that if the Government feels it necessary to do this that it do it on a fair basis; compete fairly and take no advantage of Government power. Because if they do, if they do compete unfairly, then it will be only a short time before the private sector in this industry is impaired and jobs are lost and companies may close, that are marginal, because they can't compete against unfair competition. And unfair competition in this case is measured by having to compete against somebody who doesn't pay any income tax, somebody who doesn't have to make a profit, doesn't have to account to shareholders in the normal business sense. --(Interjection)-- You weren't here, Mr. First Minister, when we had our lesson in history yesterday. I made the point though that Air Canada was set up at a time when a national need could be proven and that there was no one to compete against. I also expressed the hope that some day Canada will become developed enough where we don't require state industry. But there will be times, certainly until the end of this century, where services are required by the public where the private sector is unwilling or is incapable of providing the service and we will look to Government to provide those services, whether it's in transportation, provision of energy, provision of communication, broadcasting and so on.

But the question of unfair competition was dealt with on two bases. One, that the Crown corporation should be set up and priced to pay taxes so that it does not gain an unfair edge. Second, that it not provide laws which skim off to the Crown corporation the least risky and the most profitable business. And if the Government were prepared to do that we said that we could be less concerned about the legislation, we'll look to the Government to seek no advantages which would impair the private sector. But if the Government doesn't then of course it becomes clear, the accusation becomes very valid and sustained that the Government wants this business, wants to go into business, and then as I said yesterday it raises the question of what's next. And that is something that the people of Manitoba have yet to express themselves on. Because when it's been raised politically, when it's been raised in elections the First Minister particularly has made a great point of denying it and always leaving the public with the impression that government will only intervene in the economy when there is proven need and the private sector has failed at the request of government to respond adequately to the need.

Another aspect of the bill that we would ask for consideration for change in is if the Government is bent on going ahead -- and we recognize the Government's majority, we know that the Government will pass the bill if it so desires -- we would ask the Government to take seriously the suggestions and the criticisms of the Opposition, but if Government is bent on going ahead then build into the bill an amendment which requires that the non-automobile section of the Insurance Corporation be audited separately.

Mr. Speaker, the Minister responsible is indicating that it is in the bill. I know the section he's referring to and I question whether it is in the bill in the way we would like to see it. If the Minister is saying that this will be accounted for separately, that administration costs won't be blended, that underwriting losses won't be blended and that profits on investments won't be moved around, then at least government will have done the one thing that it ought to do,

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(MR. ASPER cont'd) and that is to account squarely and allow the public through its representatives in this House to comment annually on a genuine profit and loss and balancing position. The Minister is nodding his head affirmatively and I welcome his assurance of that and I say, I put that on the record in case he doesn't say it when he closes debate, it is now on the record that at least the Minister is saying that we will have an accounting on a separate profit and loss and balance sheet basis for the multiple line aspect of the Insurance Bill.

Now while he's being amiable and agreeable, perhaps he might also in closing debate or in amendment in Committee build in some assurances as to who's going to sell this insurance.

How is the marketing plan going to be developed? What commissions will be paid? Will the Government make some assurance that if there are those industries, those in the industry today who are severely impaired or who fail as a result of the competition from Government, that there will be some formula for buy-out should they desire to be bought out. --(Interjection)-- Mr. Speaker, the Minister is saying that our party was opposed to the section - it was not our party. It was the Member for Lakeside.

A MEMBER: St. Boniface.

MR. ASPER: Oh, yes. He opposed the expropriation. He opposed the nationalization.

Now, Mr. Speaker, we would like some assurance from Government that those who have served this community for a great number of years, whether they're co-operative insurance companies --(Interjection)-- the Minister is saying 6(1)(f). All right, Mr. Speaker, the objection that the Minister is drawing my attention is that we are not asking the government or we are concerned that the government arrogates to itself the power to acquire by purchase or any other means the companies, but because we don't want the government going out buying up a lot of companies. That is our position. But what I am saying now, is that where there are failures, where a co-operative or a non-profit insurance company fails, that the government will undertake to take over and maintain the employment if it goes into the business at all.

Mr. Speaker, again I raise that the Minister - the appeal of our party - that since there is no possibility that he can get into this business within the next nine months, twelve months, but I would think the Legislature will meet again in something like seven or eight months, we would ask that he remove the bill. He can take the inter-sessional period to set up his machinery, do his homework, do his studies, and put that study before the House next year, so that when we vote on a bill of this magnitude, of this importance, we will know precisely what the projections are, precisely what business the government intends to monopolize, isolate to itself, and then at least the people of Manitoba and the people affected by this bill will have a much better view of the government's real intent. To do otherwise, having introduced the bill so late in the session, smacks of arrogance, Mr. Speaker, it is bordering on tyranny of the majority. Now, Mr. Speaker, the government as I said yesterday has laughed at us every time we have raised the spectre of state control, has been one of its objectives. But, Mr. Speaker, here is a chance for the government to show that it is reasonable, that it's willing to not impose its control; that it's willing to listen to reasonable people who want to express themselves on an issue that the government does not have any evidence which supports its view of proceeding.

Mr. Speaker, we have heard complaints about the insurance industry. Well, what are those complaints? We've heard as partial justification for this bill, that there are people in this province who are not being given proper coverage. Now, we have no evidence before us to that effect. But if that's a statement by government, that's a complaint against the existing structure of the industry. We have also heard complaints alluded to, that people in northern Manitoba are not being given reasonable rates, or there are lack of coverage areas because of high risk, because of lack of fire protection, or what have you. We don't have any evidence in front of us to prove that, although we should have, we should be given that evidence. Well let's assume for the moment that it's true, it's a complaint. We have also heard that there are absentee owners in the insurance business who are draining premium money out of Manitoba.

Now, knowing the position the Liberal Party has taken in the past on that issue, Mr. Speaker, you would know, honourable members opposite would know, that if there were evidence to that effect, that I could be shown that our position would be a little different on the bill - because although we would not recommend the passage of the bill yet, but if there is an extraction, a net extraction of capital from the province by absentee owners then, Mr. Speaker, we will propose something that would stop that.

Mr. Speaker, the only other possible complaint - well there are two other possible

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(MR. ASPER cont'd) complaints against the present structure - one could be, the rates are too high. But, Mr. Speaker, no one has made that complaint. The reason no one can make that complaint is that in this province of how many - a hundred or some insurers - many are non profit. Many operate on a patronage system of rebate, and therefore I don't think, I'm quite confident from my own experience in the field, that no one will make the case that rates, premium rates in Manitoba, are high, or unduly high or higher than anywhere else in Canada. In fact, I think they might be lower. So I don't think the government is really saying, we are going in because the private sector has a monopoly, or the private sector is gouging, cause there are other ways to deal with that if those complaints were true. It is possible to make a complaint, and now again, no evidence before us to justify the complaint. One could say that the insurance companies in Manitoba are collecting X dollars in premium every year and are investing that money in Ontario, or in B.C. or in the United States, and that Manitobans are not beneficiary of this financial device. Now again, Mr. Speaker, not a shred of evidence before this House, not a shred of evidence in the government's files to even suggest that possibility of complaint. But, Mr. Speaker, if that were all true, if that were the indictment that warranted the Government setting up an insurance corporation, going into business, giving up its time, its Cabinet time for other decisions, to this one phase, Mr. Speaker, there is a very, very, simple way in which those complaints if they were warranted, if they were supported by evidence, could be justifiably stopped and healed - regulate, Mr. Speaker. That is the solution to complaints about any industry that is not performing well. Now I don't accuse the insurance industry for not performing well, but if those are the bases of the government's charge which warrants their solution of going into business, then, Mr. Speaker, it's a case of taking a shotgun to kill a mosquito when a swatter would do better.

There are two ways the government should respond if those kind of complaints were justified: (1) One goes to the industry and says, this is what we the people say has to be done, we ask you to voluntarily police your industry to solve these problems. (2) When industry fails to respond, then it may be necessary to pass laws which regulate the industry. Now it's very simple, Mr. Speaker. That doesn't mean the state takeover; that doesn't mean state intervention; that doesn't mean state operations in the business, with all the risks, with all the bureaucracy and with all the dangers that that could mean - but it's been part of Liberal policy always to regulate rather than compete or take over. Regulate means this: You simply say to the insurance companies, if you want a license to do business in Manitoba, you must take all risks; those risks that are very much like the assigned risk plan we used to have in automobiles; those risks which you don't want because they're too-old buildings you don't want to insure, whatever, will be assigned and divided amongst you, just as the automobile insurance industry used to do with poor risk drivers who had to have insurance. Second, Mr. Speaker, if northern Manitobans aren't covered - if that were the complaint, one could require the insurance industry rates to be set, just as our bus rates are set, just as our hydro rates are set, telephone rates are set, and private gas companies rates are set. If there are absentee owners then, Mr. Speaker, it's a very simple thing, one simply regulates by saying that for every dollar of premium income collected in the province, until losses are paid out one dollar must be invested in the Province of Manitoba - and that's been done by Canada, it's been done by the United States, it's been done by Australia, it's been done by a lot of jurisdictions, the experiences are there. If one is saying that we don't approve of the investment policies of this great pool of money, we want that pool of money, we will invest if more wisely - well, Mr. Speaker, this government's record of investment is not particularly inspiring and I would say, Mr. Speaker, that this raises the fundamental question which the Mines Minister keeps raising, this is the fundamental difference between the New Democratic Party and certainly the Liberal party. And that is this, that this Government and this Party believes that a dollar invested through the public sector is more valuable, more effective, and more desirable than a dollar invested in the private sector.

Mr. Speaker, we had a debate in this country that raged for six years over the Carter Report on tax reform. And the single issue there was exactly this, how much money do you want to leave in the private sector? Where is capital more effective, in the private sector or the public sector? Now, this is not inconsistent, this bill is not inconsistent with the NDP's position on the major tax report. They took the position then that several --(Interjection)-- Mr. Speaker, the Labour Minister says that that's why it's here, and that's not quite right

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(MR. ASPER cont'd) because the tax reform was modified dramatically when it was discovered how much of an extraction the public sector would be taking from the private sector, and I think Canada benefited from the watering down of the very stringent Carter Report proposals --(Interjection)-- Mr. Speaker, the Health Minister - I'm sorry, the ex-Health Minister asks, did I agree with the Carter Report? It's difficult to say yes or no to a 1300 page report. Now, there was a considerable amount of good, there was a considerable amount of bad, but on balance, Mr. Speaker, the Report had more bad than good; and the things that were good, I believe a good many of those were brought into the law, some of the bad was rejected - and the tax system, although I certainly feel there's room for great improvement, was reformed and made a little better. However, the products in the end is one of the most colossally comprehensive piece of legislation involving degrees in higher calculus in order to figure out your tax. Mr. Speaker, the point here, is if you think that the fund of money, the pool of money that comes into the insurance business should be invested in a given way, even though I believe that the private sector will generally make a better judgment as to what investments to make - but if the Minister wants to stand up and say which is his wont, or certainly I believe the Finance Minister does - and say that we want this money so that we can invest it in more schools and more roads and more hospitals, which is a very appealing kind of rhetoric, Mr. Speaker, but that's all it is, it's rhetoric - then if that's all this government wants, then it simply says to the insurance industry, which already does invest in those municipal bonds, that X percent of your premium income must be invested in these kind of securities, and Y percent in these kind and Z percent in these kind; and if you say we want these insurance companies to provide entrepreneurial capital, then you say you must invest a certain percentage in common stocks and so on. But, Mr. Speaker, that really isn't what the government wants, I don't think. I think what the government wants is the money. I think the government wants to control as much of the capital of this province as possible, that's why it's difficult to debate what to do about an insurance situation because no matter what we say, I have the feeling that the treasury side at least is going to say, that's irrelevant because we're going into the business; because we want to go into the business; because we are going to make money; we want to take all the capital we can and invest it our own way. Mr. Speaker, as I say, I come back to it, that poses for Manitoba a very basic issue.

Now, Mr. Speaker, again and finally I ask the government to produce some study, some research, some document that has been objectively prepared, that has data that is verifiable; that says this is desirable, that this is needed, that this is wanted - something. But to arrogantly sit silently while Opposition questions this indicates to us that there is no study, and that this is pure ideology that's ruling the government - and that again raises the question, who's next? And that creates uncertainties in our province which impair and impede capital formation and entrepreneurial investment.

Well, Mr. Speaker, we don't know what the impact on the agents is going to be. We don't know what the impact on the industry's going to be. There is no impact study, even after having said you should prove to the public that this is worthwhile, that it's warranted; there's no impact study telling us what the effect will be on those who will be affected by the decision. So, Mr. Speaker, it's our view that because, and fundamentally because the question that has to be put every time we add to the law of this province - is this trip necessary? - because that question hasn't been answered, because no evidence whatever has been put before us and because the government does not indicate that it even has private evidence to answer the question affirmatively that yes, this is necessary.

We again appeal to the government to withdraw the bill, to put the bill before an inter-session committee to study the insurance industry in Manitoba to determine whether there's need or room for government interjection, and then to move one way or the other, having had a conclusion at the next session of the Legislature - in which case the government's plan, if it were to go forward, would in no way be delayed because the government could not be ready to go into this business and staff to go into the business before next session in any event.

Mr. Speaker, I hope the government will study finally - a study made by the Canadian Underwriters Association published in the Canadian Underwriters magazine, which indicates that just because there's an industry one does not necessarily make money, the insurance industry last year in 1973 chalked up the biggest loss on underwriting in its history in this country, the loss being something like a hundred and some million, \$132 million.

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(MR. ASPER cont'd)

Mr. Speaker, the year before it lost money, the year before it lost money - and the only way industry makes money is by accumulating capital, and investment income covers the underwriting losses. Mr. Speaker, we don't have that situation with a government corporation. We don't have a built-up surplus - and somehow it becomes obvious, unless the government intends to inject say fifty to a hundred million dollars of investment capital into the corporation, it's the only way we can avoid losing a very substantial amount of money. What makes this government believe its underwriting experiences will be any better than the industry average? Given that it will be as good as the industry average, you will lose money. The only way you will not lose money is if you take X tens of millions of dollars, probably at least \$10 million, and invest it - and you would, say, invest it at 10 percent - I'm sorry that wouldn't do it, you'd need \$50 million, because you will have underwriting losses of several million dollars the first year, no matter how good your - unless you only insure the sure things, in which case you have creamed off the profitability from the rest of the industry.

Mr. Speaker, the viability - the viability --(Interjection)-- well, Mr. Speaker, I answer that question by indicating that the way the insurance industry makes a profit is by having accumulated profits in the past, accumulated capital in the past, plus investing the premium income and that produces the profit which offsets the loss from underwriting. Now, Mr. Speaker, they do not do it on the premium income alone. They do it on the built up surpluses. Therefore --(Interjection)-- No. Which they obtain from profits. Mr. Speaker, I don't think that the public of Manitoba should invest 30, or 40 or 50 million dollars in a business enterprise which isn't required, which doesn't fulfill any need and which only complicates government, only adds to the work of government at a time when government is strained in any event to do the things that really ought to be done in this province. So as a sense of priority, this makes absolutely no sense to this Party. I hope the Minister will put something before us that can change our view, but I doubt it because I don't think any information, any evidence to the contrary exists.

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MR. DEPUTY SPEAKER: The Honourable Member for St. James.

MR. GEORGE MINAKER (St. James): Thank you, Mr. Speaker. Mr. Speaker, I've sat listening to debate on Bill 83 and most of the speakers that have spoken I've been here to listen to and in particular from the Government side, and to date I have had no sound reasons given to me that the Government should go into the general insurance field. We've had comments from the Honourable Minister responsible for public insurance when he introduced the Bill about the fact that service was not available in certain areas of our province, that agents were not able to get prices from the insurance companies to insure facilities in Manitoba; we have no facts given with these. We just have broad statements implying that there is non-competition, that there is no interest in the general insurance field to insure facilities that are owned by people in certain areas of our province. I have investigated this on my own and talked with people in the trade and in the profession and the information that I am receiving seems to indicate that these statements are not necessarily founded and I would suggest that the Honourable Minister look into the field more carefully.

And for this reason, I suggest, Mr. Speaker, that the Government has not really seriously looked into this field that they're proposing to get involved in, and I think it was quite evident when the Honourable Minister of Mines and Natural Resources stood up to speak on this bill and used incorrect figures, and was misinformed either by the Honourable Minister responsible for the public insurance company or was not really knowledgeable in what they were proposing in the bill and what in general he was speaking about. And I was quite surprised because I have great respect for the Honourable Minister of Mines and Natural Resources as a man who is a very intelligent individual and usually is very sure of his comments in this House, but that particular speech he was not. I suggest this is the background of this whole particular Act that is being put forward to us, that the Government is not prepared to go into this field, they have not researched it satisfactorily and I think this is quite evident when the Honourable Minister indicated that the loss in the auto insurance field for Canada was 133.8 million, when in fact he was talking about the loss for all of the general insurance, including the automobile insurance for Canada. So this Government, Mr. Speaker, doesn't even realize what the loss is for the insurance companies in Canada and they're proposing to go into it.

And I suggest, Mr. Speaker, that the Government has no track record to indicate that they are competitive or will provide a better service for Manitoba because if one looks at the underwriting profit and loss in Canada for 1973 that was given in the Canadian Underwriters' Report, that if one looks at our own Autopac - if we look at the track record for Autopac in this last year, that we have I would say a population of about 22 million people in Canada and I think we have about one million people in Manitoba. So if we use a ratio of people to cars, and I think there's a relationship, there might be a slight error, but about five percent of the cars in Canada are in Manitoba, roughly about five percent, five to six percent. And if we look at what the loss in fact was for auto insurance in the past year in Canada from the report that the Honourable Minister had - he had the copy of this, excerpts from the Canadian Underwriters Magazine, that the total loss for all insurance in Canada was about \$133, \$134 million, and if the total amount of premiums that were written on auto insurance in Canada were in the order of 45 percent of that, I think the total auto insurance written was somewhere around, oh, 1.35 billion, that if we apply that ratio, we'll say 50 percent of that loss, the 133.8 million went to automobile insurance, around 70 million we'll say. And if five percent of the cars are in Manitoba and we add the \$10 million loss that was experienced by our own Autopac to that field--and, Mr. Speaker, I'm not too sure what the Saskatchewan Government's loss was this last year, or whether in fact they had a loss, I don't know, maybe the Honourable Minister responsible for insurance might know what the loss was in Saskatchewan last year, or whether it did. So we'll assume maybe they matched Manitoba's record of 10 million loss, and I would doubt possibly that they did--we're looking at an \$80 million loss in Canada, somewhere between \$75 and \$80 million loss in Canada for auto insurance last year. And if we apply that 10 million loss and compare it to the 80 million we're talking somewhere in the order of about 10, 12 percent.

Well, Mr. Speaker, five percent of the cars in Canada, all of them in Manitoba, five percent of the cars represent 12 percent of the total loss in the auto insurance field for Canada. Now is that a record to pat oneself on the back with, Mr. Speaker. Five percent of the autos, all of them located here in Manitoba, are responsible for 12 percent of the losses in Canada.

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(MR. MINAKER cont'd) That's a pretty good record to show that they should go into insurance. So the question comes up, Mr. Speaker, are they going into insurance for service, or are they going into it for profit. This is the basic question: Why would they want to go into it for profit if there isn't a profit there? Then the next question is, well maybe they want to control the cash flow of another part of our economy.

Mr. Speaker, the Minister indicated that there was no competition, not really good competition in the general insurance field, but I hope to show in the next few minutes that there is competition here in Manitoba in the general insurance field, and quite keen competition. I'd also like to maybe comment on the Honourable Attorney-General's part of the debate when he stood up, I would think with tongue in cheek, and said, we have to give the people of Manitoba freedom of choice of buying general insurance. He said that, Mr. Speaker. He stood up and said, "We as a Government have to give the people of Manitoba the right to buy government insurance." But on the other hand - on the other side of the cheek, no, we can't let the auto insurance people come in here and let the people of Manitoba have the right to buy private auto insurance and compare it to public. Oh, no, they couldn't do that. So, Mr. Speaker, I couldn't really take the Honourable Attorney-General's comments too seriously because he would like it on one hand to give freedom of choice in general insurance because they want to get into the market to try and control more of the cash flow that we do have in our province, but on the other hand to not have freedom of choice for you and I when it comes to automobile insurance. So, Mr. Speaker, I couldn't really take the Attorney-General's comments too seriously in this debate because he obviously was trying to protect his comments and his part of the decision-making in Autopac that took place here many years ago - some four or five years ago.

Mr. Speaker, I was also somewhat concerned when the Honourable Minister of Mines and Natural Resources from his seat, in one part of the debate, said that, "No, we won't allow the private insurance companies to insure our public buildings, our provincial owned buildings. We'll look after that ourselves." Now, Mr. Speaker, what does that mean? What does it really mean to the insurance and to the people of Manitoba in terms of getting the most efficient rate for the coverage of buildings that the public own versus a captive company, a public owned company insuring these particular buildings? Because, Mr. Speaker, if you go to the City of Winnipeg Financial Statement of 1972, it's a public document, the annual financial report, on Page 41 of that particular report it shows **those particular buildings that are exempt from City taxes and they are owned by the Provincial Government, indirectly or directly.** And if you look at in our own City of Winnipeg here, which is about half of the buildings I would think that are owned by the Government, so forth, that there is - and I'm talking in assessments now, not actual values of buildings, because they're probably about four or five times the value that's shown as an assessment - that the universities and general buildings that are owned by the Province of Manitoba, to a total of \$90 million. The Legislative Building that we have right here is assessed at about five million dollars. We also have hospitals that are shown at somewhere in the order of \$25 million in assessments, which I think the Honourable Minister of Health and Welfare would agree is a very low figure in actual value of the hospital complexes that he has the administration responsibility for, at \$25 million. And schools are 65 million. Mr. Speaker, this comes to a rough total of \$185 million in assessment; and if we compare that to the total assessment of \$1-1/4 billion in Winnipeg last year, you're looking at some 14 to 15 percent of the properties that are in the City of Winnipeg, and I would think it would be proportionate to some degree in the rest of the province, are now going to be covered by insurance, non-competitive, there will be no checking of prices; fifteen percent of all of the holdings in Manitoba, the assessment values, will be financed by this public insurance company. They will become the biggest general insurance company in Manitoba, Mr. Speaker. I've checked with the industry and they indicated any one particular company that would have the underwriting of 15 percent of the assessment of the province would become the biggest general insurance company in Manitoba.

And, Mr. Speaker, why would they want this? Because they will get locked into certain things if this happens, and they will not necessarily be beneficial to you and I and the rest of the people of Manitoba, because, they like any other insurance company to some degree, will only accept a certain amount of risks and then they get involved in what is called re-insurance. And if there is one company who is looking after the insurance for these particular buildings,

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(MR. MINAKER cont'd) the public owned buildings, they will get locked in and committed to the re-insurance companies and they will not necessarily get a competitive and fair price. These re-insurance companies will probably be located outside the province, like they are now, so that you're not gaining anything. And, Mr. Speaker, I suggest that why would the Government want to do this. Because I believe that in Manitoba, and these are the 1972 figures, insurance companies that are licensed in Canada through the Federal Registration License, to operate in Manitoba, there's 273 companies. That was in 1972. And of provincial owned companies that are licensed to operate in Manitoba there's 19. So that you're looking at some 290-odd companies that have the license to operate and give prices in Manitoba. Now I for the like of me can't see why there's a shortage of competition when you have 290-plus companies licensed to operate in Manitoba, and the broadest license, which is the fire the miscellaneous registration, there's 141 licensed. So, Mr. Speaker, I cannot accept the fact that there is not competition here.

But getting back to what happens when the Government says that it will insure its own buildings. The Honourable Minister said - I heard him say it across the floor, "Well we'll get prices from other parts of Canada." What kind of a way, Mr. Speaker, is that to run an insurance company, the one that would be the biggest insurance company in Manitoba in the general insurance field. You can't use the basis of 10 cents per hundred dollars for fire insurance on every building. Mr. Speaker, you have to go out and survey the situation and find out what the building is being used for, what's located beside it, what's the background experience in that type of building, and so forth. And what better way to do it than to go out for public tender which the Government does at the present time. They go out for public tender and they can get 20 quotes, they can get 9, they can get 10, it depends on what they want and how they prescribe the quote. Mr. Speaker, that's the way you're going to get the lowest type of cost to the people of Manitoba and the best coverage.

Mr. Speaker, there's no way that any insurance company would operate in that manner by strictly getting a price comparison out of a book from another part of the country. Mr. Speaker, it is foreign, it is contrary, it's contrary to any other purchasing that the Government presently does. Mind you, from time to time they skirt the public tendering process. We are aware of this. But now, what they're saying is in this field of purchase, they're purchasing a service at the present time from the insurance companies, they're not going to go out for public tender any more. They're going to do it themselves and we'll have no idea whether they are getting the most competitive rates or not. This is what they're saying, Mr. Speaker, when they make that comment that they won't insure public buildings.

Mr. Speaker, I would hope that the Government would review what they're proposing here and realize what they're getting into because then what happens on their utilities. We appreciate at the present time that they have a reserve fund that looks after a portion of the insurance, but what are they going to do on Manitoba Hydro utilities and on the Manitoba Telephone System utilities - are they going to get involved in insuring it? They have them insured now for disaster for certain values. Mr. Speaker, that's a specialized type of field. It could be likened to a mechanic at the Winnipeg Flying Club. He's quite capable of repairing and servicing a Piper Cub or a Cessna, but would you expect him to service a Boeing 727 or an inter-continental jet? No, Mr. Speaker. But that's the comparison that shows the type of problems that the Government will be getting into when they get into the sophisticated insurance field which is known - part of it is known in the general insurance field. You cannot use clerks, you cannot just take a value out of the book and say that that's what it's worth, because it's got so many dollars worth of equipment and so forth. It's an expertise again like we mentioned in the minerals' tax debates and discussions. It's an expertise. You get a flow of expertise with a flow of capital, and it's something that you cannot inherit or get simply by going out and trying to buy the individual because it's not one individual it's many individuals. That's what you get in private, free trade; you get a bunch of individuals who are expertise because everybody is competing, and you have the best of two worlds, you have the lowest price and the experts. You can get both. If you want to have the expertise and the low price you might get both in the tendering process. You make a decision: if you want the lowest price at all cost and they might not be the most expertise in the field, then you make that decision. But when you go in and say you're going to run it, the Government's going to run it, you're going to give these things away; you're going to give them up. Not only that, Mr. Speaker, you're going to get

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(MR. MINAKER cont'd) locked into a captive market with the re-insurance companies, because at the present time where you have all these insurance companies operating here - it's true they go and get re-insured on certain parts of their risks, but at least you have that competition amongst the agents at the present time. And I'm sure that you will have a shrinkage of the insurance coverage in Manitoba if the Government has made a decision that it's going to look after 15 percent of the assessment in the province with it's own insurance company, it's only natural that there will be shrinkage.

Mr. Speaker, what has the general insurance average been in the last few years in Manitoba? The loss ratio has been over 70 percent in general insurance, and that's excluding life and Autopac. That means for every dollar of premiums taken in you pay 70 cents out. So right away the Honourable Minister of Autopac with his economic abilities, calculated I'm sure, Mr. Speaker, well that's 30 cents we're going to make on every dollar. But, Mr. Speaker, the administration costs, the operating costs, and acquisition costs of agents fees runs in the order of 35 to 45 percent, so, Mr. Speaker, they're not going to make any profit out of it. It's obvious that the service isn't going to be improved, so why would the Government at this time want to at the last minutes of the Legislature sitting introduce a bill without doing any basic research into the background of this, why would they want to introduce a bill to take over the general insurance field that we are presently dealing with, Mr. Speaker? The only conclusion that I can come to is that they wish to get involved again into the cash-flow control of this particular field. And, Mr. Speaker, I would hope that before the Government makes a decision to pass this bill that more research is done into it to see if in fact some of these complaints that the Minister has claimed and raised in the House, if they are substantial because it is my understanding that the high risks that are experienced in the insurance field are spread out across the board. In other words, if there is a high risk in a certain part of Northern Manitoba on a certain facility they will go out to the different companies who are operating in the province and say, well you're going to take a portion of that risk, and they spread it, and the insurance is given to the company or to the individual requesting it.

Mr. Speaker, the Honourable Minister in presenting the bill said, "Well they're not providing the sewer backup and flooding of basement coverage." It's there if you want to pay for it. And I would suggest, Mr. Speaker, if the Government is sincerely interested in providing this type of a coverage, and are going to provide it in an Insurance Act, I would presume, and I would think it would be more economical to put into a reserve fund, a flood fund, or something - you have it presently now where if people are flooded in Carman or in Morris and places like this, that there is some kind of a grant given to them for the work that was carried out to protect them or the damage done. Well I would think it would be more sensible that when this flooding of a basement occurs every third or fifth year, or sometimes twice a year, that possibly some kind of a fund can be set up to assist these particular people if they were affected by this flood because of extreme conditions or the Act of God; but I would question when they knowingly go into an area, knowing that it can flood, and build anyways after advice is given to them not to build, then that would have to be reviewed. But I would think if the objective of the Government is to cover these people with the flooding of basements, and so on, that it could be more economically done with some kind of a reserve fund to handle that particular problem, and make it available to all people in Manitoba without having to go into the public general insurance field where it'll cost the people of Manitoba money and they will not get the service that they presently have, or the competition, or the rates, and it will keep the people that are employed in the insurance field in the financial field that it encompasses, it will keep them working here in Manitoba rather than driving them out or keep shrinking down the size of the number of people operating.

And, Mr. Speaker, for this reason I would like to move, seconded by the Honourable Member for Souris-Killarney, that the subject matter of Bill 83 be referred to the Standing Committee on Public Utilities and Natural Resources for study and report back at the next session of the Legislature.

MOTION presented.

MR. EARL McKELLAR (Souris-Killarney): Mr. Speaker, I move, seconded by the Honourable Member for Riel, that debate be adjourned.

MR. SPEAKER: Moved by the Honourable - sorry. The Honourable Member has just now seconded the motion, he can't move another motion at the same time.

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MR. MINAKER: Mr. Speaker, then I'll have that seconded by the Honourable Member from Morris.

MR. SPEAKER: Too late I've already announced it. All those in favour of the motion please say aye.

MR. McKELLAR: Mr. Speaker, I'll speak on this motion.

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

MR. McKELLAR: I wasn't aware that I couldn't, it was against the Rules to move --(Interjection)-- yes.

Mr. Speaker, I'd like to deal with Bill 83 and its implications on the Province of Manitoba as I see it. On the implications on the insurance agents in the Province of Manitoba, and all the other people that work in the industry.

Mr. Speaker, if this bill, particular bill, brought in at this late part of the session in my opinion is an injustice, an injustice that the Government, or any other government, should not bring upon the people of Manitoba. And why do I say that? Because they had since the 31st day of January to bring in this bill and present it to people in a manner in which they should have brought it in, and I say to the Minister who is in charge of this particular department, and I say to him that he has done an injustice on the people of the Province of Manitoba because of the failure, his failure, to present this bill till four months after the session has started. We're dealing with this bill in the last two weeks of the session at a time when most people are very busy, and I implied the Members of the Legislature are busy, and the study that should be done on this particular bill, a 40 page bill, the study that should have been done on this bill should have had at least two months to do. And why do I say that? Because I say its implications on the industry as a whole, its implications on the Province of Manitoba as a whole, and the mere fact that the government's getting into another business, that we should have had time, and plenty of time, to make the necessary study.

Mr. Speaker, at no time did we get any information why the Government should be in the business. We haven't had that information yet. But I say to the Minister that we should not pass this bill, we should have another year to study this bill. And I say to him that he better produce in Committee some information why the government, why it's necessary for the government to get into business. But I don't suppose we'll get that information, Mr. Speaker, because I know that Minister hasn't got that information, he's flying in the dark, flying in the dark, as the government usually does. They're going into treasury branches, they're flying in the dark there; they're going into other industries, they're flying in the dark; and I say to the Government of the Day, it's about time you opened your eyes and faced realization, and realized what you're doing to the people of the Province of Manitoba. But I don't suppose they will ever realize, because I know the Minister hasn't got any information, he hasn't got any background in the insurance industry, and this is one reason why he's getting in, if he had any background or any knowledge of what the insurance industry was all about he'd be the last one to get into the industry at this particular time, in 1974. Goodness knows, and I don't have to tell him, he's told the people already how bad it was, but has he done, he's getting into the industry at a time when no other company I would imagine would want to start. Very few companies are starting in the insurance business right now for that reason, because of the uncertainty of it. But what do we hear all during the speech of the Minister, what do we hear? Condemnation of the insurance industry. He condemned the whole industry; he condemned the agents for the way they're handling their affairs, and he also mentioned many other statements here which I want to read. Because I tell you . . .

MR. SPEAKER: The Honourable Minister state his matter of privilege.

HON. BILLIE URUSKI (Minister responsible for Manitoba Public Insurance Corporation) (St. George): Mr. Speaker, I did not condemn any of the agents on the work that they were doing. In fact I at one point after the Autopac renewals I praised the agents for the amount of business that they were handling.

MR. McKELLAR: Well that might be but I took it, and this is a debate, Mr. Speaker, this is the debate, and I took it from his statements that he condemned the industry, he condemned the agents, for the way they were handling and not providing service to the people of Northern Manitoba. --(Interjection)-- This is a debate and if I want to take it - and he did condemn it. He condemned it because the people of Northern Manitoba were paying higher rates and not able to get coverage, and I'll explain that. Your Minister took great pains to

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(MR. McKELLAR Cont'd) say there was not sufficient insurance coverage for the Province of Manitoba. Mr. Speaker, what happened in 1970, what happened? The Premier of the Province of Manitoba passed a bill to go into the automobile insurance business, and what did that do overnight? I'll tell you what it did overnight. Chased a lot of companies out of the Province of Manitoba, and they chased a lot of insurance people out of the Province of Manitoba. I'll tell you what happened. And I tell you, Mr. Speaker, the very man to blame is the First Minister right over there. He's the man to blame, and the Minister of Municipal Affairs. They're the men to blame. I can't blame the present Minister because he wasn't a Minister of the Crown but he was a member of government of that day. But the people who were responsible for lack of insurance coverage are the very people right over there and nobody else, and I don't have to tell the insurance industry because I tell you when you brought in that Act you just destroyed the industry overnight, and you're doing a hell of a good job at destroying it again too, the second go around. The second go around they're doing a better job, I tell you, and I tell you there are very few free enterprise people over there but very few of them, and I tell you the socialists in that particular party --(Interjection)-- the socialists, and there's plenty of them, I tell you did a tremendous job destroying the economy of the Province of Manitoba. But why do they pick on the insurance industry? Why do they pick on the insurance industry, because it's not lucrative, it isn't lucrative; I don't know why they want to get into it other than the Minister of Mines and Natural Resources has always said that they want to get power, and you get power through money, and you get power through premium money, and that's the only one reason he wanted to get the automobile insurance industry, \$50 million.

Let's look at how much money they're going to get involved in in the Fire Insurance . . . I'll tell you how much money. The most they can ever hope to get is \$1 million, \$1 million of premium money, that's about the most they can get first year of operation, so they're going to set up a whole corporation, an extended corporation, to get into the insurance business. They're not going to get the farm insurance I'll tell you that. I'll tell you why, because you're not set up to deal with farm insurance, the most you can get is some dwelling, some town dwellings; you'll get some commercial property, and you'll get your own property, which you presently own, that's the most you can hope to gain. --(Interjection)-- Yes. You're not set up to deal with farm insurance. So, Mr. Speaker, a million dollars in premium money is the most they can hope to get the first year of operation.

Now mention was made, Mr. Speaker, about those cruel companies who's costs are 35 to 40 percent, and Autopac only 15 percent. Well let's look, be realistic here, let's look - town dwellings, the commissions paid the agents have been 25 percent. The Minister didn't know that I don't suppose because he never did any study. This is one of the problems. This is one of the problems when Ministers get up and make statements, and condemn companies, and condemn the industry as a whole, he doesn't know the facts. Another fact, the Mercantile Commission rates are 20 percent, 20 percent, and why do they have these rates, the commission for agents? Simply because the cost is that high to agents. So what does Autopac pay the agents, what did they pay them this year? On the basic rate five percent --(Interjection)-- Ten percent. They're not complaining to you. Why do they complain to me? Why do they complain to me? --(Interjection)-- Because they tell me every day, five percent. You can't open the doors of a building for five percent. Then, not only that, Mr. Speaker, they have to wait, they have to wait about three months or four months to get the commission. And as I mentioned, the one thing they should do is pay their commission at the time, let the agents deduct their commission off before they send in the balance. But that hasn't been done up till now.

Mr. Speaker, you're . . .

MR. DEPUTY SPEAKER: Order please. The Honourable Minister in charge of Autopac, on a point of privilege?

MR. URUSKI: Yes. The point of privilege is this, Mr. Speaker, the member raised that very same point in Committee of Public Utilities and he knows well that the agents unless there is an error in their commissions, they are paid their commissions promptly.

MR. McKELLAR: Well promptly takes in a lot of room, promptly takes in a lot of room.

Mr. Speaker, the Minister also made many statements here, he made many other statements here condemning the industry, but I think the Member from St. James mentioned the above, condemned the industry because they didn't provide flood coverage, back-up flood

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(MR. McKELLAR Cont'd)

coverage. Well, I'll tell the Minister that he better make a real good study of that problem before he thinks he's going to get into that deal when he has 35, 40 thousand homes in one storm, in Winnipeg, that's flooded. Mr. Speaker, one of the reasons why since 1950 that the companies haven't given flood coverage is because of the seriousness of it in the City of Winnipeg. And it doesn't have to necessarily be a flood but you can have backup, and I don't have to tell the Minister, and I don't have to tell the other members of the Legislature, that when you're dealing with insurance it's a different kettle of worms. If the Government want to provide flood coverage, like the Member for St. James mentioned to the people of Carman, to the people south of Winnipeg, or any other person affected by floods around Lake Winnipeg, that's one thing, but to get into an insurance company and establish and set your policy you're going to find when you set a premium rate that you're going to have to then if there's a loss during that period of time that the policy is in coverage, is in effect, that you're going to have to provide that.

And goodness knows I don't have to tell the Government how to run their business, but I would suggest to the Government before you start to plan your insurance company when it's 1975 don't jump around and try to provide cheaper coverage, and more coverage, than the private companies are, and think you're going to come out on top. These companies, Mr. Speaker, have been in business for a long while. They're not fly-by-night companies, and I mention the Wawanesa Mutual 1896, they're not fly-by-night companies, a company with over \$100 million of assets, this is not a fly-by-night company; Portage Mutual, 1884, are not a fly-by-night company, they're companies that are well established, and Manitoba companies, and mutual companies, and I want to refer to that, Mr. Speaker. These are not shareholder companies, these are mutual companies where every policyholder has a vote, and can decide on the fate of every director at every annual meeting. This is a lot different than what the Minister was mentioning, where he mentioned all decisions are made in Toronto, in New York, Hartford, London, this is not the case in our companies. I don't have to back the British companies, and I don't have to support the American companies, but these companies have been, and they're licensed to do business in the Province of Manitoba, and they are supervised by the Superintendent of Insurance, which the Government's own plan will not be supervised by the Superintendent of Insurance, and I think it should be supervised by the Superintendent of Insurance but the Act doesn't apply. This is another objection I have.

Now mention in the bill was made that you're now changing the time for legal action against the corporation to two years. Now I understand that in other provinces this is the case, but many of the provinces have one year and I never heard the Minister mention why, the particular reason why you're going to two years. I can understand the advantages to the individual and the Province of Manitoba having an extra year to take legal action, but I was just wondering why the change in policy was made, and when the Minister closes debate maybe he can give the particular reason.

Now one other part of the bill which brought interest to my . . . was another industry that the province are getting into, and they're getting into the body shop business, and I couldn't figure out why any particular reason why the Government would want to get into body shop other than they want to - maybe that's the next phase of their whole plan. They got the automobile insurance, then they go into the body shop business, and they'll nationalize that. Now maybe that's lucrative, I don't know how lucrative. But they'll want to get in on an experimental basis, and they'll want to get on - I suppose they'll want to test materials, they want to go into other different phases, find out whether the body shops are charging them too much money. Maybe they are, but my goodness, my goodness, before the Government got into automobile insurance business shouldn't this have been one of the things they should have studied. You don't go into business, Mr. Speaker, unless you know all the whole operation, and the body shop is one-odd part of the operation of automobile insurance, and the Minister mentioned that 65 cents on the dollar was paid out to the body shops, 65 cents on every dollar was paid out to the body shops. Shouldn't the Minister, the First Minister, and everybody, know all the phases, and I don't have to tell them that in Ninette you pay \$7.50 an hour, Ninette Body Shop . . .

A MEMBER: Not any more.

MR. McKELLAR: . . . well it must have gone up just recently. It was seven dollars and a half last year. --(Interjection)-- Well maybe it's gone up. In Thompson at the same

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(MR. McKELLAR Cont'd) time --(Interjection)-- Well it used to be seven and a half in Ninette, it used to be \$12 in Thompson. All I'm saying, before the Government, before the Government got into Automobile Insurance they should have had their studies made, just as they should have had their studies made now of fire insurance, and not one document has been presented to us on our desks dealing with fire insurance, and the Government going in, getting involved in the writing of this particular insurance.

I was amazed when the bill was brought in. I thought the Government would be going into life insurance. I thought they'd be going into life insurance, and maybe they have the power to go into life insurance. . . .

A MEMBER: Next year.

MR. McKELLAR: . . . because I tell you there's one thing when the Government are writing group life, like they have all the civil servants --(Interjection)-- Civil Service in the Province of Manitoba. I thought that was one thing that the Government would want to get in on, handle all the group life for all the civil servants in the Province of Manitoba. What a premium you would have in one year. You got a premium there

A MEMBER: You're getting to them now.

MR. McKELLAR: . . . that if I was government and I was a socialist, with socialist philosophies, that would be one thing I'd want to have, but I wouldn't want to get into fire insurance, I wouldn't want to get into fire insurance because of the uncertainty of the whole industry in 1974. --(Interjection)-- I'm not a socialist, I won't go in any - I don't believe in governments getting involved in business, that's the difference between why I'm here and you're there. There's quite a difference. This is the difference. You know, Mr. Speaker, I don't have to tell you there's been the greatest difference in here in this Legislature of thinking in the last four or five years since the government became the government. Before, over there, they were on again, off again on socialism most of the time, but I tell you over there, they're on again all the time, and that's the difference, on again on. It's just a case of what industry they're going to take over next, but the body shops, when they're dealing with body shops I just don't know how far they'll go. Are you going to set one up in Ninette? Are you going to set one up in Killarney? Are you going to set one up in Brandon? Where are you setting them up? I think the body shops would like to know right now what towns you're going to be involved in because I tell you it's very important. Are they going to set one up in Dauphin? Where are they going to be set up in competition with the present private operators, because this is what the private operators would like to know.

And Mr. Speaker I just want to read one statement here: "The government's entry into the general business will result in no loss of revenue to the Provincial Treasury". That's the statement of the day, no loss of revenue to the Provincial Treasury. Mr. Speaker, I don't have to tell you, and I don't have to tell the other members of the opposition what the result was in the last . . . and even though the Minister said that \$10 million is not much of a loss, it isn't much of a loss; it could happen again, but it isn't much of a loss, and I say to the Minister, and I say to the government, we're . . . another industry right today when we pass this Bill 83, if we pass it today, and I only hope we don't. I hoped that we'd make a study of this particular bill. I hoped we'd take time, take time, that the Minister of Tourism and Recreation could be well advised, he could be well advised to have a study of this bill, because I tell you, you're . . . on something, you're taking another step into an industry which will have enormous effect, and you blamed industry, as I mentioned before, for not --(Interjection)-- You're going to provide competition. If you were going to provide competition, it would be one thing, but your 280 companies, or 200 and whatever number of companies are registered in the Province of Manitoba, Mr. Speaker, 280 companies registered life --(Interjection)-- through life, yes. --(Interjection)-- How many companies in Manitoba? Well I know there's three big ones that I'm concerned about, Wawanesa Mutual, Portage Mutual and Red River Mutual. They're the three ones that I'm concerned about --(Interjection)-- Canadian Indemnity is a shareholder company, I'm talking about Mutual Companies, shareholder companies, Canadian Indemnity is a shareholder company. I'm talking about the three big ones, the ones that write most of the farm insurance in the Province of Manitoba, that's the ones that I'm concerned about.

Mr. Speaker, I could go on and on about this because, I tell you, I could repeat some of the speeches I made in 1970, 71 --(Interjection)-- How much do you make as a Cabinet Minister?

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(MR. McKELLAR Cont'd)

Mr. Speaker, I don't think there's much else I have to say other than I want to say to the Government of the Day, by closing say to them, you can't go wrong by taking time to study, you can't go wrong; you can look good in this eyes of the people of the Province of Manitoba but if you rush this bill through and get into business without the proper information and planning that's going to be involved, and I tell you there's going to be a lot of planning, because I tell you you haven't seen anything yet when you get into the fire insurance business. Setting rates for automobiles is one thing but I tell you when you're dealing with all phases of fire insurance, mercantile, industrial, town dwellings, farm rates, and all down the line, and all the different buildings, and you'll find out that there'll be lots of risks that you won't want to accept - even though you think you're going to take them all - there'll be lots and lots of them. How about vacant farm buildings, are you going to take those? Are you going to take them? Mr. Speaker, that's one of the reasons why I say to the Government of the Day, that we need the Public Utilities Committee to study this particular bill because of the problems that I see of the Government getting into business, and I say to the Government of the Day that you vote for this motion and you won't go wrong in the minds of the people of the Province of Manitoba.

MR. SPEAKER: The Honourable Member for Riel.

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

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I move, seconded by the Honourable the Minister the Attorney-General, that by leave Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the report of the following bills for third reading No. 89 the Pari-Mutuel Tax Act, No. 77 The Statute Law Amendment (Taxation) Act (1974).

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

COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: Bill No. 77. Page by page? Agreed.

BILL NO. 89

MR. CHAIRMAN: Bill No. 89, the Pari-Mutuel Tax Act. Is it the will of the committee page by page? --(Interjection)-- Clause by clause.

(Clause 1 was read and passed.) Clause 2, Sub. (1) - The Honourable Member for Brandon West.

MR. EDWARD McGILL (Brandon West): Mr. Chairman, last night when we were discussing this bill in principle I mentioned the fact that the tax by the Province in Manitoba was one of the highest in this area of the country, and I discussed the taxes as they applied between Ontario and B.C., that is the provincial portion of the total take that is removed from the top of the pari-mutuel pool at the race courses in the country, and I noted that in Ontario the provincial tax was 7 percent, in Alberta 5 percent, and in B.C. 8 percent, whereas in Manitoba it is 10 percent. Now in the Province of Saskatchewan there is some difficulty in tying this particular segment of the take down to a percentage, but Saskatchewan is not in quite the same class in respect to horse racing as are the other provinces at this time. There are short meets held at Saskatoon and Regina, and some harness racing is also carried on in the province but at a track rating that is somewhat lower than in Winnipeg and in Calgary and Edmonton and Vancouver. So Mr. Chairman, my point is that with this higher provincial tax, the amount taken from the top of the pari-mutuel pool in Manitoba is 21.6 percent as compared with 19.6 in Saskatchewan, 17.1 in Ontario and 18.1 in B.C. Again I stress that in B.C. in 1972 they saw fit to reduce the provincial tax by 2.5 percent, and the result was very encouraging in that attendance, total pari-mutuel pools increased, and the amount of revenue to the province - in spite of the fact that they've reduced the tax - actually increased by over 5 percent.

BILL 89

(MR. MCGILL Cont'd)

Mr. Chairman, to some Legislatures is perhaps not an important debate, but I think it is an encouragement to have the minimum amount of revenue taken from the pari-mutuel pools so that the maximum return can be achieved by the race fans. I pointed out that on the North American Continent, on an annual basis there are more people attending racing as a spectator sport than there are attending any other sports, it is the sport on the North American continent that attracts the most supporters. This is probably not demonstrated very clearly in the Winnipeg area, although I'm told that racing tracks here during the harness and the thoroughbred seasons probably 10 or 15 or 20,000 more people than the Blue Bombers do in their ten home games here in Winnipeg, and so it is an important sport from the point of view of many people. It is quite a tourist attraction, I think it does attract a lot of visitors to the city. I think that it could be better. It could be improved by encouraging more attendance, which would in turn better the purses at the track and the quality of horses - and in general would provide more revenues. I think that by reducing this tax, we would give encouragement to more attendance, more participation in the sport of horse racing in this city. There are many ways of doing this. It would be unfair to say that simply by reducing the tax we would have achieved all we would like to do; there are other things that can be done to improve the attractiveness of the sport in Manitoba, and in Winnipeg particularly. But a good start would be to make the track competitive with other major tracks from Ontario to B.C., because this is attractive to those people who are really interested in the sport of horse racing and as long as our total tax is noticeably higher than in other provinces, we will suffer by comparison.

So Mr. Speaker, I think it would be reasonable to amend this clause to reduce the tax by two percent, which would give some encouragement to the people who support horse racing in the province. I have noted the figures that have been presented - there was some difficulty last night with the figures I presented and the figures which the Minister of Finance had before him in respect to the amount of tax collected. I think my figure was correct at 1.48 gross collection on a 10 percent basis on a total handle in the Province of Manitoba of 14.8 millions - and 10 percent of that is 1.48, out of which various commissions and amounts were paid, reducing the net figure for the department to 1.3, but this is the revenue that is achieved by the provincial tax on pari-mutuel betting. If the experience of B.C. is any indication of what can happen by reducing the tax and encouraging increased attendance, I think it would be worth serious consideration by the Province, and in order to bring this to the Minister in specific terms, I would move that section 2 (1) of Bill No. 89 be amended by striking out the figures "10 percent" in the third line thereof and substituting the figures "8 percent".

MR. CHAIRMAN: Order please. Since this is a tax bill any amendment thereof I don't think would be in order, relating to the amount of revenue.

MR. JORGENSON: My understanding is, and this does catch me somewhat unawares, but my understanding is that it is not within the rights of a member to impose or increase a tax, but members are able to reduce a tax. Well I take for example, the motion to reduce a Minister's salary is in order, and I would think that this falls under the same category.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: I don't know whether you want to debate any further whether or not it is in order. I think the Honourable Member for MORRIS, again tongue in cheek, is giving some support to the Member for Brandon West rather than embarrass him for having brought in an amendment. This is a reduction of taxation, a reduction of revenue - you need a message from His Honour for that, as you do for revenue. When it comes to expenditure, then I think you can move a reduction in expenditure.

Mr. Chairman, I do want to respond however to remarks made, and let me say that this is a - I'm not speaking for government, I'm speaking for myself, that I hope that governments in the future would not be too dependent on revenue achieved from the dream world of trying to get something for nothing, if I may use that expression in relation to the gamble instinct in people. I for one don't like to encourage it. I don't like to think of it as a sport if the sport involved the gambling aspect and not the visual aspect, of seeing a competition take place with I suppose beautiful horses running well and well trained and the spectacle of the horse race, which I'm sure is very attractive.

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(MR. CHERNIACK Cont'd)

Well the fact that the honourable member likes it because it's the sport of kings - I'm referring to the Member from Swan River - is to me very little attraction; but on the other hand, it doesn't derogate from the fact that to some it is enjoyable. What I worry about is the king of gamblers thinking that it's a sport. But I do pick up the Honourable Member for Brandon West's reference to the sport and tourist attraction, and I would say that this is a matter which his proposal is something which should be considered by the Department of Tourism in conjunction with the Department of Finance. The Department of Tourism does support this sport by helping the prizes, and that to me is a recognition of improving the sport as compared with improving the gambling aspect of it because by improving the purse structure, I gather you are now attracting better horses who I presume run a better race and are therefore more exciting to watch, and that's part of the spectacle - but the gambling aspect is one that I hope will not be looked at by government as a revenue source. I think people should be taxed and not lured into paying revenues into providing essential services such as health, such as education and the other important aspects of government. That's why I'm not too enthused about lotteries, I'm not too enthused with putting that dream at the end of a rainbow because it's the poor that have the greatest to gain that have the worse part of the dream aspect, and it's philosophically nothing that's too acceptable to me. I wouldn't mind reducing our revenue if at the same time it reduced gambling, and if at the same time it improved attendance, by all means, let's have more attendance to a sport of the tourist attraction.

Having said that, I stated my own philosophy. I've not spoken on behalf of government particularly, this is not a great matter of moment really as far as the total revenues of the province are concerned. But the aspect referred to by the Member for Brandon West is one that I'm sure the Department of Tourism will be looking at, is it true that by reducing the tax, we will be improving, increasing tourism, improving the enjoyment of Manitobans and visitors in that spectacle? I think that that has a valid base and should be reviewed in the coming year.

Mr. Chairman, may I indicate that the Legislative Counsel has caused to be distributed three corrections of misprints, and we've already passed one. As soon as you pass this one, I propose to ask leave to go back to deal with clause 1 (c).

MR. CHAIRMAN: 2(1) passed. The Honourable Minister of Finance.

MR. CHERNIACK: Well if you're ready now, Mr. Chairman, I move that clause 1 (c) of Bill 89 be amended by adding thereto, immediately after the word "minister" where it appears for the first time in the second line thereof, the word "and".

MR. CHAIRMAN: 1 (c) as amended passed. (Clause 2 to 14 inclusive were read and passed) The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, in rising to speak to 15(1), the paper distributed, may I transgress for just a moment to point out that one of the points I wanted to make when I was responding to the Member for Brandon West on the rate of taxation, was that the Leader of the Liberal Party said that we ought to increase taxation substantially. I just point that out as being another reason to put consideration rather than just acceptance. I'm sure his colleague will draw to his attention the arguments presented by the Member for Brandon West.

Now, Mr. Speaker, in line with the request of the Legislative Counsel, or recommendation, I move that Subsection 15(1) of Bill 89 be amended by adding thereto immediately after the word "cost" in the second line thereof the words "and charges".

MR. CHAIRMAN: 15(1) as amended - passed. (The remainder of Clause 15 was read and passed.) 16(1) pass? The Honourable Member for Morris.

MR. JORGENSEN: 16(1). I know that Al Capone had a way of finding out when one of his debtors was about to leave and he had a way of dealing with him, but I was wondering if the Minister could explain to me --(Interjection)-- well "cement feet" were the answer; I hope that the Minister doesn't intend to deal with offenders that seriously. But I was wondering if he could explain to the House how he will know if he suspects that a debtor is about to leave Manitoba, as outlined in the clause, and how he can be assured that his suspicions are correct. It seems to me that it's a clause that does require some explanation.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: . . . Mr. Chairman. For one thing, this is provided here for uniformity and I think there's value in having a uniform method of collection and enforcement

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(MR. CHERNIACK Cont'd) so that the department has a standard procedure. There's no harm done if the Minister suspects, acts and is proven wrong, because all it is is collection of taxation. It's not as if you, you know, the member has now acquired this new comparison with gangsterdom, which is, you know, I suppose he's becoming more expert. Maybe he reads Playboy like I do, which has been running a series on the gangsters of United States.

A MEMBER: How about Playgirl?

MR. CHERNIACK: I haven't read Playgirl yet, but if the Minister of Labour recommends Playgirl I'd better start reading that.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: The Rise and Fall of the Roman Empire is more my style of reading.

MR. CHERNIACK: In that case, Mr. Speaker, it becomes obvious to me that the member, with his knowledge of the Rise and Fall of the Roman Empire watched chariot races, in which case it must have been Caesar that he was concerned with and not Capone.

Mr. Chairman, there are occasions when the people in a certain trade or in a certain occupation learn of the possibility of someone making plans to leave the jurisdiction and that the system in the common law which didn't come -- well, it came originally, I suppose, from Rome and maybe there is something in Gibbons' comments about it, but certainly in England for centuries there's been provision made whereby, when a creditor suspects that his debtor is about to abscond, he has the means of quick access to the courts to get the necessary order, and if we are only doing in the statute what is in common law, I think it should be acceptable. The Legislative Counsel points out that this isn't precipitous anyways that you've got 10 days, and I think maybe we should shorten the 10 days because we still want to grab him before he leaves.

MR. CHAIRMAN: (Clauses 16 and 17 were read and passed). 18 - The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I move that Section 18 of Bill 89 be amended by striking out the word "registered" in the second line thereof and substituting therefor the word "prescribed".

MR. CHAIRMAN: 18, as amended, pass. (Clauses 19 and 20 were read and passed). The Honourable Member for Morris.

MR. JORGENSON: I don't think there is anything else on the bill that we would care to amend or discuss. So if you want to call it page by page.

MR. CHAIRMAN: (Pages 11, 12, 13, 14, 15, 16, Preamble, Title read and passed) Bill be reported.

Committee rise. Call in the Speaker.

Mr. Speaker, the Committee of the whole has considered Bill 89 and has directed me to report the bill with certain amendments, and asks leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

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

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I wish to announce that it appears as though there was unanimous agreement that we will shorten our luncheon hour today and that we will return to duty at 1:30 with an understanding that we would not go until 5:30 but 4:30 this afternoon. I might indicate too, Mr. Speaker, for the purpose of the record that I've attempted to, and I believe have obtained the co-operation of the radio media to announce that, in order that members who may listen to the radio who are not here this morning will have that information.

MR. SPEAKER: The House is now adjourned and stands adjourned until 1:30 this afternoon. (Saturday)