

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, June 13, 1979

Time: 10:00 a.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): Before we proceed, I should like to draw the honourable members' attention to the gallery, where we have some students from the York Landing School, under the direction of Mr. John Rose. This school is in the constituency of the Honourable Member for Thompson, the Minister of Labour.

Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . . Oral Questions.

ORDERS OF THE DAY

ADJOURNED DEBATES — SECOND READING

MR. SPEAKER: The Honourable Government House Leader.

HON. WARNER H. JORGENSON (Morris): Will you call Bill 57, please?

BILL NO. 57 — AN ACT TO AMEND THE METALLIC MINERALS ROYALTY ACT

MR. SPEAKER: Bill No. 57. On the proposed motion of the Honourable Minister of Mines and Resources, Bill 57 — An Act to amend The Metallic Minerals Royalty Act. The Honourable Member for Churchill.

MR. JAY COWAN: Thank you, Mr. Speaker. Well, I'll be very brief in my presentation today as it is getting late into the session and much has already been said on this particular bill, but I felt it incumbent upon myself to at least rise in my place and to make a few comments as to my own personal opinion of the results of this bill and also, what I assume to be our party's position.

If we look at this bill carefully, Mr. Speaker, it is part of a process — part of a philosophy that that government has brought into office with them; that the people of this province should not have their due return on the natural wealth of the province; that the people should sell out their birthright to the large corporations. It's a bill that the Minister has referred to as tax reform, but I cannot be quite as generous, when referring to a bill of this nature. It's a tax concession; it's a tax sell-out, Mr. Speaker. It's a sell-out of the same order as the Member for Rupertsland brought to our attention, when he spoke of the same Minister's negotiations with Abitibi. What it shows, is that government either cannot negotiate or does not have the will to negotiate a better deal for the people of this province. One of those two things are happening here.

And, Mr. Speaker, when you get involved in the whole process of tax concessions, you get involved in a self-feeding prophecy. You must then concede further and further and further, because the Minister himself has said that, not only must they be competitive with the other jurisdictions in Canada, but they must be competitive with the other jurisdictions around the world. Because Inco, which has an operation in Canada, which has an operation in the Province of Manitoba, has cut back that operation in this province, so that it might go to other areas of the world — Indonesia and Guatemala to be exact — to . . . —(Interjection)— Indonesia and Guatemala, and perhaps Nicaragua also. —(Interjection)—

But what is happening here, is that as the world becomes smaller, as the world shrinks because of advanced communication, because of advanced transportation systems, it is easier to go to these, what were at one time considered out-of-the-way, remote areas for the development of mines.

So, we will see this pattern not decreasing in the future, but increasing. And now we have on our hands, Mr. Speaker, the example of the seabed mining of nickel. And you can be assured that Inco is involved in that, also. So that is another area where the Province of Manitoba must be competitive with.

And to be competitive by tax concession alone, Mr. Speaker, is to only play half of the game

— and not the better half, at that; the worse half, at that. Because, you cannot, when you get involved in trying to compete with some of these areas, you cannot match their bottom dollar; you cannot meet their bottom line. They are so hungry, they are so hungry for this type of development, and so hungry for the mining companies to come in and mine in their particular areas, that they are willing, under their own economic circumstances, to give a far better deal than I think even the government opposite would be willing to give. Even the Conservative government could not match the deal that Guatemala and Indonesia and seabed mining represents to the company of Inco.

So, what we have, Mr. Speaker, is we have started down a path that can lead to no good. We have us, right now, traversing down a path that will lead to further tax concessions, that will lead to further sell-outs of the province's birthright.

You know, one thing that we have to say for the government opposite, to their credit, is that they have released themselves from the old Howdy Doodystyle of government, which in their last realm as government of this province, they were so adept at. They are no longer puppets of the multi-nationals. They are no longer puppets of the large corporations. But now, Mr. Speaker, the interesting thing is that they have turned themselves into muppets. They are muppets of the large corporations.

And why do I say that, Mr. Speaker? Why, I say it because they have become sophisticated enough to hide the strings. You don't see the strings being pulled any more, but you know sure as hell, manipulation is going on somewhere.

So they have become more sophisticated in their sell-out. But it is a sell-out, nonetheless. And in this respect, Mr. Speaker, their sophistication poses an even greater danger. Because we can't see the strings being pulled any more, and we can't see the outright manipulation that used to occur. But it is occurring in a much more subtle, in a much more efficient, manner.

Mr. Speaker, if mining was in trouble in the Province of Manitoba, under a New Democratic Party government, then one could perhaps see the need for a tax concession at this time. I would not personally suggest that it would be the proper approach. But one could at least at that time say that, "Look, we have a problem, mines are not being developed; people are not coming in this province for the purpose of developing mining and we need to do something to entice the mining corporations into the province of Manitoba." My own personal reaction if that ever happened, Mr. Speaker, would be for the people of this province to do that sort of work. For the people of this province, then, to develop the mines, because there's nothing secretive about developing a mine. There is ore; it has to be found; it has to be milled and it has to be marketed. And it's a fairly straightforward process, and there's nothing that says the people of this province cannot do that sort of work themselves.

But let's not get caught up in that argument; let's go back to find out if there was a need for concessions of this nature. In 1968, Mr. Speaker, Manitoba ranked seventh as a mineral producing province in the country of Canada. In other words, our mineral production was seventh, in comparison to the other provinces. In 1974, it was seventh, Mr. Speaker. In 1975, it was seventh. In 1976, it was seventh. In 1977, it was seventh — we weren't losing ground, Mr. Speaker, we weren't losing ground. The mining industry was not in danger in the province of Manitoba.

You know, in 1964, the mineral production dollar value was \$174 million in this province. In 1968, it was \$209,617,000 using rough figures. In 1974, it \$444 million; in '75, \$533 million; in '77, \$563,700,000.00. That's very interesting, because 1977 is when we saw the change in government. We saw this government come in and say, "We are going to offer these sort of tax concessions to the mining corporations to suck them into our province," and we are sitting on a potential boom, with the Progressive Conservative party in government. We are sitting on a potential boom, mining boom, in the province of Manitoba.

And in 1977, as I said, mineral production in the province of Manitoba was \$563,700,000.00. In 1978, for the first year in a number of years — it's a very rare occurrence for the mineral production to go down, dollar value mineral production to go down in this province, year over year — we saw a drop by nearly a \$100 million, Mr. Speaker, it went down to \$466,400,000.00. Yet, they had promised us — they had promised us increased mining, increased mines, a better climate for the mining corporations to be coming into this province, and it never materialized. It never materialized, because tax concessions don't work. Sell-outs don't work. Unless you have some handle on the operations of the mining companies, they will do as they please. They will travel to Guatemala as they please; they will travel to Indonesia as they please; they will travel to seabed mining operations as they please. Unless you have some sort of grip, some sort of control over those operations in the province of Manitoba, you are not going to have an effective mechanism by which to direct — and that's what we're talking about here — to direct the mining operations, the mining development of this province.

And one of the first things they did, when they came in as a government, and I won't lay it

strictly on the feet of the Minister this time, was they apologized for what Inco was doing. You know, it's very interesting — the community of Thompson last time, voted overwhelmingly Conservative in many areas that we thought it would not. No, in the last provincial election. The last federal election is a much brighter story, I might add, but that's for a different speech.

But, in the last provincial election, they voted overwhelmingly Conservative. And that's dumb. For a worker to vote Conservative, Mr. Speaker, is stupid. Why did they do such a stupid thing? Because the company, Inco, had its staff going around before the election, saying, "You know, if the NDP government, if the . NDP government gets in power, we're going to lay off a lot of people. Mining in going to decrease in Thompson. We might even lay off 1,500 people."

And this is what they were saying to the workers, just three, four, five days . . . three, four, five weeks before the election. "You vote NDP . . . "

MR. SPEAKER: Order. Order please. May I suggest to the honourable member that we are discussing Bill No. 57, An Act to amend The Metallic Minerals Royalty Act, and I would hope the member would make his comments germane to the subject matter of that bill.

MR. HOWARD PAWLEY (Selkirk): Mr. Speaker, if I could just for a moment, surely the honourable member's statements are very very germane to the bill before us. Representations were made during the past election campaign that New Democratic Party tax policies were, in fact, chasing the mining companies out of the province, that miners would be laid off. I'm sure, Mr. Speaker, that you would recognize that the honourable member's statements are very germane.

MR. SPEAKER: The Honourable Member for Churchill.

MR. COWAN: Thank you, Mr. Speaker. Well, the point I'm trying to make is, what effect the whole process of concession over direction has. And what I'm trying to make very clear in this particular instance, is that Inco, and Sherritt-Gordon, and Hudson Bay Mining and Smelting, and the large multi-nationals, have been trying to put forth a case for tax concessions for a number of years. And yet, when there were not tax concessions in the Province of Manitoba, and we had an equitable tax system, they were developing, they were developing the mines. And when this government came in and promised them that route, that path of concession, all of a sudden they cut back.

And the point I'm trying to make is that you can't entice the mining companies, then, by concession alone. You have to do it by direction. You have to have some control.

Mr. Speaker, the Minister, in his presentation on second reading, mentioned that the new system is expected to provide a more attractive environment for the continued development of mining in our province. And what one would infer from that statement is that the environment that was there before was not attractive. And if the environment was not attractive, we would not have seen increased production, we would not have seen increased mining activity, we would not have seen increased exploration activity. But all those things happened. All those things happened. Because the case is very plain and simple.

Where there are minerals, there will be mines. Where there are minerals, there will be mines. And if we, as a province, are blessed with great wealth in mineral resources, then I feel it is incumbent upon the government to use those resources for the benefit of all the people, to get the most public value from those resources as possible, not to allow them to be raped by the multi-nationals purely for profit, that leaves this province, that leaves this country, that finds its way in Guatemala and Indonesia for the development of other mines.

And this is exactly what this government is doing. They are giving the multi-national mining companies a tax break. And what are they going to use that extra money that is going to accrue to them as a result of this tax break for? They are going to use it, not to develop more mines in Manitoba, Mr. Speaker — they may use part of it for that purpose, but not solely for that purpose. I would guarantee to you, Mr. Speaker, that the bulk of that money, that is going to come to the mining companies as windfall tax concessions — windfall tax concessions, is going to be used to develop mines in other jurisdictions in other countries. And at this particular time in the technological calendar, Mr. Speaker, a great vast amount of that windfall tax concession money, that we are giving — not we, the government, the Progressive Conservative government, is giving to the mining companies will be used to develop seabed mining, which will act to the detriment of land mining operations in the province of Manitoba.

Mr. Speaker, in his presentation on June 4th, the Minister also mentioned the Fox Lake Mine motto, and he used it to — I saw him do it also, on Provincial Affairs in the evening with the Member for Pembina, I believe it was. And he talked about this hypothetical Fox Lake Mine motto — that's his words, he says, "The analysis indicated that the combined royalty and federal and provincial income taxes under 1978 legislation of this hypothetical Fox Lake Mine motto were as follows,"

and then he reads off a list of what the taxes were — the appropriate tax levels. Well, I have to point out to Minister, that Fox Lake Mine is not hypothetical. I worked in it myself. I worked underground in it, timbered in it. I worked in the mill for awhile in it. It's not a hypothetical mine, unless that was a hypothetical job that I had. It's a very real mine. It is a mine that was developed and made substantial returns to the people of this province, by the way of the taxing mechanism, under what the Minister considers to be very restrictive legislation. It's the type of legislation that they are changing to give the mining companies a better deal. Because if the mining companies don't have a better deal, they won't come in here and develop mines. Hogwash, Mr. Speaker, hogwash; they were here. They came in here. They did develop mines and they will continue to do so, because this is where the minerals are, very plain and simple.

If what the Minister says is true, we would have seen decreased levels of mining. We did not see that. If what the Minister says is true about our tax policies, we would have seen hypothetical Fox Lake mine, but we saw the real Fox Lake Mine.

And, Mr. Speaker, a few miles away we see the real Ruttan Mine, which was developed under the previous New Democratic Party government's policies.

They should have been running from our province but they were bringing in. They were coming here to develop mines because this is where the minerals are.

So we see those two examples. Just before the election, we see the Snow Lake operation being expanded, something for which this government is taking credit, but the credit doesn't belong to them. That expansion of the mill in Snow Lake was started long before the Progressive Conservative government was even a gleam in the eyes of the electorate of Manitoba. It was started five years ago, the initial planning. I remember the hearings themselves were held long before the election. They were going ahead full-steam with the development of a new mill to process ore from new mines in the Province of Manitoba, under this very regressive legislation.

I would ask the Minister in the last 21 months what new mines have come into the Province of Manitoba? What new mines have come into the Province of Manitoba under the guidance of the Progressive Conservative government? I would suggest that there are not any new mines that have started in the Province of Manitoba, yet we had mines starting under our government, Mr. Speaker, and we maintained our share.

As a matter of fact, Mr. Speaker, if you use, as an example, if you use the percent that mineral production, mining production, represented of our gross provincial product, you would find that under our jurisdiction, Mr. Speaker, that mining was becoming a more and more integral part of our economy; that mining was giving more and more to the gross provincial product.

In 1964 — and I don't need to tell you who was in power then — mining, as a percent of the gross provincial product, represented 5.1 percent. In other words, of all the provincial product, 5.1 percent of that money was coming from the area of mining. In 1965, it was 5.6, Mr. Speaker. In 1969, when we took government for the first time, it broke the 7 mark — it became 7.1 percent, Mr. Speaker.

So, instead of having the opposite effect, a New Democratic government had the effect that the government would have us believe, it had the opposite effect. And that is, mining companies came into the province. As a matter of fact, in the second year, in 1970 — we'd only been in government 20-some months — it had reached the level of 9 percent, Mr. Speaker, 9 percent of the gross provincial product. And then it levelled off and bounced in between the 7 and 9 percent . . . 7 and 8 percent, for the years following.

But we see no substantial decrease, and I'll read them off, for the edification of the members here, because I think it's important. I think it makes a very integral part to this whole argument. In 1969, 7.1 percent; in 1970, as I said, it had increased to 9 percent; in 1971, it was down to 8.2 percent; in 1972, operating under the old tax system, having not brought our new tax system in yet, Mr. Speaker, it was 7 percent. But we are now starting to negotiate this new tax system, this restrictive tax system that's going to drive mining companies out of this province.

And what happens in the next year? The mining companies are expecting it. They get wind of it. We tell them. They know that there's going to be a new tax structure. What happens? It goes from 7 percent to 7.9 percent, Mr. Speaker. In 1973, it was 7.9 percent. In 1974, the new tax structure, it's 7.4 percent of the gross provincial product. It's going up and down, but it's staying in the same general area.

And in 1975 — now we're full bore under the new tax system, this regressive tax system that's going to drive mining from the province — and it's 8 percent. It's increased. And then in 1976, down to 7.4; in 1977, down to 7.2. And I haven't figured out 1978 yet, Mr. Speaker, but I can tell you that it has probably dropped down below the 7 percent, for the first time since 1968.

Now, isn't that ironic? Isn't that ironic? That this was the government that went and campaigned in northern Manitoba on a policy of increased mining activity, and we have seen, in their reign, drastic cut-backs in mining. We have seen executives of multi-national mining corporations say,

"You know, since the government got out of the joint venture scheme, we've had to cut back on explorations. So we are doing less exploration in this province this year than we did last year."

We've seen that happen. That was in the public press. That is not a hypothetical instance; that is a very real instance of what's happened since this government came into power. We've seen mining, mineral production dollar value drop . . .

MR. SPEAKER: Order please. I've listened intently to the comments made by the Honourable Member for Churchill and I would ask him once again to get back to the subject matter of the bill.

The Honourable Member for Churchill.

MR. COWAN: The principle of the bill, Mr. Speaker, as I understand it and perhaps I misunderstand it, but I don't think so, the principle of the bill is that they are going to alter the taxing system, okay? And the words that I used to describe this alteration, are tax concessions, okay? The words that the Minister uses to describe this alteration is tax reform, and we probably both sincerely believe that we are in our own way, right and just in the use of our words. But there is a reason why one would want to reform or change, alter, by the process of concession, the taxing structure. And that also — and perhaps I'm wrong and I would seek your guidance on that — the reason behind the bill, the cause that would tend to create one to want to change something, is that they would like to see increased mining development in the Province of Manitoba as would any government, as we did when we were in government as a New Democratic Party, as a Liberal government would, as a Progressive Conservative government, as a Social Credit government would. Any government would like to see the mining industry under their jurisdiction increase development and increase production.

The argument that I am trying to make and I hope that it is germane to the principle of the bill, is that there was no need. It's a phony reform; it's a phony concession; it's the worst type of concession. You know, there's one type of concession, okay, that one can almost justify on occasion — not on every occasion — but that's the type of concession where you're backed into a corner; unless you can see it, you're in trouble. That's one type of concession. And one can say, maybe they shouldn't ought to have conceded, but if they didn't they would be in worse trouble so let us forgive them that concession.

The other type of concession is the concession that just comes out of the thin air that is not precipitated by anything, that is only as a result of this government wanting to pay back some of its election debts, because let us remember Inco was a very large contributor to the Progressive Conservative campaign in the elections previous, in previous elections. —(Interjection)—

You know, I said before that some of this windfall tax profit that we're seeing here will go to develop mines in other jurisdictions. Some of it will go to support the Progressive Conservative Party in other jurisdictions, also, and in this jurisdiction. The money that won't be coming to the people of this province will be going for that purpose. And I feel I can state that categorically, without fear of contradiction.

But the point, Mr. Speaker, is that there was no need for the concessions. So what they have done, because of a desire to pay back debts of sorts and also because of their blinkered perception of the world, okay, of the economy, of the socio-economic systems that we operate under, because they cannot escape their ideological blinkers, because they cannot escape out of that sort of 19th century philosophy of politics, they feel that they have to do this.

So they're operating under two very basic motives: One crass and one we must assume is honourable, because they are approaching it from their own philosophical base. But whether they be crass or whether they be honourable, they were not necessary.

They will say that exploration decreased under our government, and I would like to see the facts and figures. I'd like to see them come forth with them. I have some of them, Mr. Speaker, and they only go up to 1974; I'm sure the Minister has more recent ones. But the base metal exploration in the Province of Manitoba, using 1974 dollars, Mr. Speaker, in 1968 was \$1,700,000.00. In 1969 it was \$2,100,000, and we have a change in government and, according to them, we must now see the outflow of exploration capital. We must see the mining companies desert this province. But what happens instead? We see more exploration capital come into the province, Mr. Speaker, in the base metal exploration in 1969 it's \$2,100,000 and in 1970 it's \$2,300,000.00. In 1971 it's down again to \$1,600,000 but in 1972 it's back up to \$2,100,000, Mr. Speaker, and then we're starting to, again, put the feelers out on tax changes and mining companies know that we're going to bring in different tax structures, that those tax structures are going to have an impact on their operations. And again we should expect to see them flee the province, to run out of here in sheer horror of what is about to transpire under this Socialist New Democratic government. And what

happens? They increase their base metal exploration in the province by \$1 million. That's a very substantial increase. I don't think they had done that previously, since 1964. They had done it only one year since 1964. \$3,100,000 and in 1974, again, we should see them putting that money back into their pockets and heading out on the highways, like the long tramp, going away from this Socialist haven. And what do they do instead? They spend another \$300 million here in exploration.

Now, that's the last year of my figures but I'm certain that, if we follow that pattern, we will see that they increased the spending right up until 1977, or they stayed around that level. And those are constant dollars.

But that's just base metal. Metallic metal exploration, Mr. Speaker, followed the same pattern. In 1967 it was \$5,400,000 and then in 1968, under a previous administration, it went down to \$5 million. And then in 1969, when we have this Socialist horde descend upon the Province of Manitoba, again the mining companies should put the money in their pockets and tramp on out of here. What do they do? They increase their metallic minerals exploration dollar value in current dollars, Mr. Speaker. They increase it from \$5 million to \$7,100,000, a 40 percent increase. They must like us. I didn't know that they liked us so much. I didn't know that they considered us to be such a boon to their own industry. It scares me almost, Mr. Speaker, but not to look a gift horse in the face.

In 1971, we're in the \$7,500 range, something that they had never seen under their previous administration. They had, again, never broken the \$7 million range. In 1972 we see a decrease to \$5,300,000 and \$5,300,000 in 1973 and then back up to \$6,400,000 in 1974, in 1974, when they have the most to fear from these new tax structure changes, they are increasing their exploration again.

There is no need for the type of concessions that the government is offering. They are taking money out of your pocket and out of my pocket and out of everyone in this province's pocket; they are taking money out of our pockets and giving it back to the mining corporations that all along have continued to increase production and continued to increase their operations and development in this province under the old system. It is not necessary. It is the worst type of change. It is change for the worst reasons, Mr. Speaker.

And, Mr. Speaker, when speaking to the principle of this bill, we have to understand what that means to us as Manitobans. What it means to us is that they are probably going to have to initiate an economic climate that would result in raised tuition fees. They are probably going to have to cut back on health services. They are probably going to have to cut back on all sorts of social services, because this —(Interjection)— My seat mate tells me they did already. I knew it was going to happen sooner or later, Mr. Speaker, because when you get involved in this sort of process there is somebody that's going to have to pay, and who is doing the paying? Who is subsidizing Inco? Who is subsidizing Sherritt-Gordon Mines? Who is subsidizing Hudson Bay Mining and Smelting?

MR. SPEAKER: Order please. Once again, may I ask the honourable member to get back to the subject matter of the bill. The Honourable Member for Churchill.

MR. COWAN: Mr. Speaker, what I'm trying to do is explain what I believe to be a credible equation. That if X plus Y equals Y plus X and if you take Y out of either one of those or take X out of one of those, or take a portion of X or Y out of any one of those, you are going to change the equation. And that's what this does; that's what this does.

Let us in very simplistic terms, Mr. Speaker, say that this province was run on two sources of money: Money from you and I, as individuals, and money from Inco. If Inco pays less money, then one of two things have to happen. You and I have to have less services or you and I have to pay more money. —(Interjection)—

The Member for Pembina, I believe it was, asks if I haven't heard of a bigger pie. Was that the question? Certainly, Mr. Speaker, the bigger pie occurred under our government when the companies increased their mineral production dollar value, when mining, as a part of the gross provincial product, increased its stature. It decreased under their government. We're talking about the smaller pie now, and the smaller pie has been around since October, 1977.

But the point I am trying to make, Mr. Speaker, is that there will be, there has been and there will continue to be reduced services to the people of this province, because of tax changes of this nature, because of legislation of this nature. And not only that, Mr. Speaker . . . And I have to digress for one quick moment. I will do it quickly, so I don't get called to order, I hope, but, Mr. Speaker, when those services are reduced they are going to strike hardest at you and I, and they are going to strike hardest at the non-elite of this society because the elite have lots of money, that they are going to be able to cover those reduced services. So the services that we are talking about, the reduction is going to have the greatest impact on those least able to afford it, which

is the trend that this government has set.

But, back to the subject, Mr. Speaker, but what is going to happen here is not only are we going to have reduced services because they are going to be getting less money from the mining companies, but we are also, Mr. Speaker, going to have to pay more money out of our own pockets to make up for the shortfall. So let's look at it this way: This bill gives the mining companies a tax profit windfall and it gives the people of this province a shortfall, Mr. Speaker, because we are going to have to make up the difference.

And, you know, it's not going to make a damn bit of difference as to who is going to come into this province for exploration and who is going to come into this province for development. It is not even going to have the desired impact. And I think if anything would point that out to the members opposite, if anything would prove that to them, it is the substantial drop in the dollar value of mineral production in this province since they have taken office, that their promises have had no impact. As a matter of fact, they have had exactly the opposite; they have had a negative impact, because when the Chairperson of the Board or one of the top executives of Inco says the reason that we cut back in Canada and not in Guatemala and Indonesia is because Guatemala and Indonesia would not allow us to do that and the appropriate jurisdictions, Ontario and Manitoba in Canada, would allow us to do that, then we see in the ultimate the impact that their philosophy in the mining area is going to have on mining development in this province.

The mining companies are going to use us; the mining companies are going to abuse us, Mr. Speaker. And they're going to do it with the blessing of the Minister of Mines and his colleagues in the Progressive Conservative Party. It is going to cost us money; it is going to cost us services. It is going to have the most detrimental impact on the northern economy and on the economy of the province, as a whole, and they are not going to be able to sell out enough. It is not within their power to sell out enough to have the desired impact that they would like to have by the process of tax concessions. It will not happen. They cannot stoop that low. Even the Progressive Conservative government cannot stoop low enough. At least, I hope they cannot stoop low enough, because if they can, Mr. Speaker, we are in more trouble than you and I would have believed previously but I don't think that they can stoop low enough to meet Guatemala's offer, to meet Indonesia's offer, to meet the seabed mining operations offer. They cannot stoop that low.

So, in closing, Mr. Speaker. I said I would be brief. I got a bit carried away; I get a bit carried away on this subject from time to time because it is something that I feel very strongly about. —(Interjection)— Well, it is very dear to my heart. I didn't see which member prompted me. —(Interjection)— The Member for Crescentwood, and I thank him because it is a subject that's very dear to my heart. I have worked in those mines, Mr. Speaker. I have seen what it's like. I have seen the arrogance of the mining companies, Mr. Speaker.

MR. SPEAKER: Order, order please. The honourable member's time has expired.

Before I put the question, I should like to draw the honourable members' attention to the gallery, where we have 32 students from York Landing School. This school is in the constituency of the Honourable Member for Thompson, the Minister of Labour.

We also have 69 students from Carman Elementary School, under the direction of Mr. Peter Enns. This school is in the constituency of the Honourable Member for Pembina.

And we have 50 students from the Mary Duncan Elementary School in The Pas. This school is in the constituency of the Honourable Member for The Pas. On behalf of all the honourable members, we welcome you here this morning.

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

MR. EVANS: Mr. Speaker, I would move, seconded by the Honourable Member for Lac du Bonnet, that the debate be adjourned.

MR. SPEAKER: The Honourable Government House Leader.

MR. JORGENSEN: Mr. Speaker, I should advise my honourable friends that this is the last time that they're going to have an opportunity to move adjournment on this particular debate. —(Interjection)—

MR. SPEAKER: Order please.

MR. JORGENSEN: Well, my honourable friend calls closure. It's a very normal practice that has been followed through the and particularly by the House Leader, and when my honourable friend was on this side of the House. We didn't take any objection to it at time, and I don't anticipate

that there's going to be very much objection to it. I'm warning my honourable friends that this is the last adjournment that I will be taking on it, that's all.

MR. SPEAKER: Order, order please. It's been moved by the Honourable Member for Brandon East, seconded by the Honourable Member for Lac du Bonnet, that debate be adjourned.

QUESTION put, MOTION carried.

MR. SPEAKER: The Honourable Government House Leader.

MR. JORGENSON: Will you call Bill No. 39.

MR. SPEAKER: Bill No. 39 — The Statute Law Amendment Act, 1979. The Honourable Member for Kildonan.

MR. FOX: Stand, Mr. Speaker.

BILL NO. 42 — AN ACT TO AMEND THE HIGHWAY TRAFFIC ACT (2)

MR. SPEAKER The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker, I adjourned this bill for the Honourable Member for Ste. Rose.

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

MR. A.R. (Pete) ADAM: Thank you, Mr. Speaker. I've checked this bill last night and the majority of the bill is technical, and we have no objection to seeing it go through. So, Mr. Speaker, I've checked it over very carefully and . . . give me a moment to get the bill out before me here.

The bill primarily, Mr. Speaker, has to do with dealer plates and also has to do with parking of vehicles, unloading of passengers, etc., and it also . . . there's sections in there in regards to setting the speed limits by local government and other local authorities, such as on Reserves, etc., and basically it's just a technical . . . One major point, though, that I think is perhaps welcome. I think this is the major item in the bill is making a left turn on a red light. This is something entirely —(Interjection)— on a one-way street, and this is a major change in this bill, and I think probably a welcome change. At the present time, the legislation allows a right turn, and I think this is a welcome change on a one-way street. And other than that, Mr. Speaker, we're satisfied in allowing the bill to go to committee.

QUESTION put, MOTION carried.

BILL NO. 54 — THE MANITOBA DATA SERVICES ACT

MR. SPEAKER The Honourable Member for St. Vital.

MR. D. JAMES WALDING: Thank you, Mr. Speaker. I do want to say just a few words about this bill before it goes on to the committee stage, and I have had an interest in the Manitoba Data Services and the Manitoba Telephone System, after having been a Member of the Telephone System's Board of Commissioners for some four years.

I listened with great interest to the introductory remarks by the Minister, to see what the reasons were for making this proposal to the House, and I had even before the minister spoke, just glanced through Bill 54 to see what was intended there. And it seemed clear from Bill 54 that it was the intent of the government, to separate Manitoba Data Services, a wholly-owned subsidiary of the Telephone System from its parent corporation, the System itself. So I was rather interested to hear from the Minister, the reason for the government wishing to take this step. And after listening to the Minister, his explanation and taking another look in a little more detail at the bill, I rapidly came to the conclusion, Mr. Speaker, that the bill is misnamed; it shouldn't be called Bill 54, The Manitoba Data Services Act, it should be called, Much Ado About Nothing.

Because the Minister said specifically, "I don't see this bill in any way changing the current situation with MDS." Mr. Speaker, I would've not been surprised if the minister had explained to us the history of Manitoba Data Services. and how some three or four years ago, the MDS was set up using the assets at that time of the Manitoba Government Computer Centre. and how it was taken out of the Civil Service bureaucratic regime, and set up as a separate Crown corporation.

He might have explained at that time, that the natural affinity between computers and telecommunications, the long experience and expertise of Manitoba Telephone system, made it a natural for the two groups to be closely associated — for the MTS to take over the general overall administration and care of this new fledgling Crown corporation.

The minister might well have told us that that worked very well for a time, but now that the years have gone by and MDS has expanded, that it's computing capacity has expanded, that its staff has expanded, and the general experience of running a computer centre and a small Crown corporation has grown to the standard that the Manitoba Data Services is now big enough and experienced enough, to stand on its own as an independent Crown corporation. Now, that is probably true, Mr. Speaker, but that was not the argument that the Honourable Minister put forward to us. Indeed, he explained that he really didn't see any change in the way that the Manitoba Data Services would operate. My information from that corporation is that they really see little change, little if any change taking place, as a result of this move.

The corporation, as you know, Mr. Speaker, has been run by its own Board of Directors. It keeps its accounts separate. It has a physical separation from its parent, the Manitoba Telephone System. It presents a separate report annually; a financial report which is audited by the Provincial Auditor; its Annual Report itself forms part of the Annual Report of the Manitoba Telephone System, and the Minister has said to us that he doesn't see very much happening.

The Minister could possibly have put forward an argument that the growth of the Manitoba Data Services was somehow being inhibited by its parent, the Manitoba Telephone System, and that efforts of the Data Services itself were somehow being hampered, that it was being held back or that there was some problems between MDS and MTS, some form of internal friction that was hurting MDS as well as MTS. But that is simply not true and the Minister didn't put that forward as a valid argument. The Minister could have argued perhaps that Manitoba Telephone System itself was somehow being harmed by having to drag along MDS with it, that somehow its resources, its finances were being drained by MDS and that it uad better use for its facilities, its personnel and its finances, than to have to keep putting them into MDS or somehow propping it up. But that is not the case either and the Minister did not make that argument.

I was disappointed that the Minister could not come forward with a substantive reason for separating MDS from the Telephone System. The Minister did mention and it's quite true that the task force on government efficiency had looked at MDS an had come to the conclusion without really giving any good reasons for it that it should be set up as a separate Crown corporation. I really have no argument with that, Mr. Speaker. I believe that MDS is now big enough and experienced enough to stand on its own feet as a separate corporation.

Only one hning shines through from the Minister's remarks that would seem to be the government's reasoning for making this separation and that has to do with that very small part of MDS revenues, some 3 percent which are derived from the private sector, the balance as you are aware, Mr. Speaker, comes from government departments, Crown agencies, Hydro, MPIC, and various other government or semi-government agencies. The Minister said in his opening remarks to this bill, they — that is Manitoba Data Services — will be specifically directed not to search out and seek out new and additional private business. That is a policy decision of the government that is being reflected by the corporation.

Now, Mr. Speaker, that was the only substantive thing that the Minister had said as a reason for separating MDS from MTS. But, Mr. Speaker, is a bill really necessary in order to implement government policy? The amount of private business that the corporation has had over the last few years is about 3 percent and really has not changed from that amount. The corporation, at least for the last year, has been busy with the Manitoba Hydro migration and acquisition of computing business from the Hospital Services Commission. It has not had time, nor has it had the facilities nor the manpower to actively go out and solicit private business.

In any case, Mr. Speaker, even before that time, MDS was not an aggressive salesman for new private business. It was recognized that it would continue to service those contracts which it had, but I want to suggest to the Minister and he knows very well that a bill is not necessary in order to communicate the government's intent to one of its Crown corporations. A simple letter to the corporation or to the board of directors of the Manitoba Telephone System would have told them quite clearly what the government's intent and its policy was. Even a letter was more than was absolutely necessary. The government could simply have told the general manager, chairman of the board of Manitoba Telephone System, what the government's intent was. You may be quite sure, Mr. Speaker, that the members of the board, with their jobs in peril, would have been delighted to carry out the government's request or its order, with its poicy in this particular regard.

One particular principle in the Act, since we're not supposed to mention Clauses, Mr. Speaker, has to do with just this matter of business with the private sector as far as MDS is concerned, and that says, "the Commission may enter into agreements to supply computing services to people

outside of government agencies, government supported agencies, at the approval of the Lieutenant-Governor-in-Council", which seems to be going just a little bit far, Mr. Speaker, in enforcing this government policy of not dealing with the private sector. We have to wonder if the government doesn't trust MDS to carry out the government stated policy, and that the government itself through the Lieutenant-Governor-in-Council insists on being the agency that signs any potential contracts that MDS might wish to enter into with someone outside of government agencies.

Mr. Speaker, that's a fear bordering on paranoia. It is the gentlemen opposite who had very much to say about the government's involvement and interference in Crown corporations in the past. They have said that these organizations should be left to apply their particular professional skills and qualifications to make those business and professional decisions that they were best able to make, and yet we find that as far as MDS is concerned it is the Cabinet that is insisting on being the signatory to potential contracts with the private sector.

So, Mr. Speaker, I'm suggesting that the government is wasting the time of the Legislature in discussing this. They have wasted the time of legislative counsel in drafting the bill; wasted money in printing up the bill when they could have achieved their stated policy, keeping MDS out of the private market, simply by communicating to the chairman of the corporation that they are not to go into private business. Or they could have achieved the same thing by simply writing a letter. Mr. Speaker, this bill is much ado about nothing, and we don't intend to make much ado about it either.

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

MR. WILSON PARASIUK: Mr. Speaker, I rise to say a few words on this bill in that I'm concerned about the general philosophy of this government behind this legislation. I do think that it can emasculate the Manitoba Data Services. It among other things says that the people hired will be Civil Servants, will be hired under The Civil Service Act. I don't think that gives the Manitoba Data Services corporation the type of flexibility that exists with Manitoba Hydro and with the Manitoba Telephone System. But I'm really concerned about the fact that I think we are on the horizon of a new type of technology that combines computers, data processing, data retrieval with transmission, the technologies and transmission coaxial cable, other types of transmission. And it struck me that it was very logical that a government computer facility would be tied in very closely with the government transmission facility, namely the Manitoba Telephone System. And I don't know if the members here will recall the open house they had a few weeks ago, or a week ago where members of the House were invited to view a concept called Teledon and this concept was brought to us by the Federal Department of Communications and a private cable company, and they showed us the developments that are taking place in Britain, in Germany, in Japan and the United States.

And this new horizon would be the wedding of data processing and retrieval with transmission into places of business and into homes and we are just on the edge of, I think, a breakthrough in those types of developments. And the research and development for those types of developments really is quite lacking in the private sector right now. And it appears as if the private companies are sitting on the fringes, hoping that the federal government probably, will do the theoretical research, get it in place, and then turn it over to the private companies who will take very little of the risk and they will reap the bonanza. And then we will have people on the other side of the House say, "See what these private companies can do? See what these private companies can do? And look at our own system. It couldn't really do that well."

So the attitude of this government is to ensure that the simple utilities possibly are kept within the government realm. But that the new developments, the winners in the new technological developments which are financed about 95 percent by government, are kept in the private domain never repaying the research and development costs that the government originally incurred. And the best people in Manitoba right now, the people who know this area best, the wedding of the computer technology with the transmission technology, exists in the Manitoba Data Services and exists in the Manitoba Telephone System, and they had established some very good working relationships with one another and they would have been able to carry this further. That will be torn asunder by this particular Act, in my estimation.

I would think that the staff in both of those entities must feel tremendous frustration that they are not allowed to realize this potential that exists in this new technological field. It'll be to the detriment of Manitoba because the spin-off impact from our ability to take this forward well will be lost to Manitoba. And if you look at places like Minneapolis, where they've been able to develop a computer technology, they've been able to develop tremendous economic spinoffs in terms of employment and in terms of higher-paying jobs and in terms of other types of scientific technology.

I think we will lose that opportunity with this Act and with the directives that are being given to both the Manitoba Telephone System and the Manitoba Data Services. I think that this government lacks confidence in the ability of its own people within the Manitoba Telephone System and the Manitoba Data system to carry forward in these new technological areas, and I think as a result of that, Mr. Speaker, five years down the line when these developments are fleshed out elsewhere, in Britain or in Japan or in Germany, we will find that we will have to pay a great price in order to bring them into Manitoba, and that price is something that we could have been charging other people. That price is something that we could have been charging other companies in terms of balancing out our economy, in terms of preventing or reducing the reliance that we have on commodity prices which are world-wide. We would have, in fact, strengthened our economy, balanced it and we are losing that opportunity because we don't have the will and because we don't have the confidence in our own staff which are excellent in both bodies to carry this concept forward.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. EVANS: Well, Mr. Speaker, I just want to say a couple of words in the debate, and maybe the Honourable Minister, when he closes debate in a matter of a couple of minutes, can tell us very precisely whether this move is going to create more jobs in the province of Manitoba, or at least is it going to protect jobs in the province of Manitoba? Because that's what I'm interested in. I want to see economic development in the province of Manitoba. I think that too often we've seen private enterprise who can do a job very well, in various fields, but too often when private enterprise is successful in Manitoba they're often purchased by outside corporations and quite often we see our local Manitoba, our local or indigenous industries bought out and moved out of the province. And this has happened for decades under various administrations and it's almost a fact of life.

And this is a problem that I wonder about in this particular field. It's a very advanced technology type of industry. I don't pretend to know very much about it. I, like the Member for Transcona, saw the Teledon demonstration which was very impressive and there's no question that there's all kinds of fantastic developments occurring in this field. I don't know to what extent you have work that Manitoba Data Services does, performed by other private companies. I don't know to what extent is it competing with the private sector in Manitoba. I don't have that information. There may be some degree of competition, but there's different kinds of competition, and the world of computers is changing so rapidly you can have different kinds of competition, you can have a lot of competition with private companies who may have some representation in Manitoba, but their real base of operation in the computer business is outside of the province. And what I don't want to see is Manitoba lose any computer business. I don't want us to lose any jobs. That's what I want.

Now, the Minister is going to get up shortly and assure us that they're going to allow the Data Services Limited to allow this organization to carry on as a normal commercial operation even though it may be owned by the Crown. I would be happy because I know it has some good people. I don't know them personally, but we heard something about the organization when we had the Manitoba Telephone System before the committee.

And I'm not sure what the significance of separating the company from the MTS is. If it will make it more efficient, well fine. But I'm not sure, you know? I would hope that we can get assurances from the Minister in this respect. I would hope that the Minister would share my concerns in this matter. I'm sure he does. And really that's what we want, eh? We want jobs in Manitoba, we want good-paying jobs, we want high technology jobs, and this is one area. I would just hope that the government will somehow give us an assurance that this might happen.

One of our members in speaking on this noted — I guess it was the Member for Transcona — noted that the people that work for this organization were members of the Civil Service, and if that is the case I would say, "That's not a desirable feature". I think it would be better that they not be Civil Service, better that they be more like in the private sector. If you have a commercial organization, even though it's owned by the public, a commercial organization can hire and fire much more readily than a Civil Service department, and I say, if you wanted to be competitive, if you wanted to be as a more or less normal business organization as apart from some sort of an extension of government departments, then surely these people should not be members of the Civil Service. It should be completely divorced, if that is a good thing. I think it may be a good thing. That may be a good thing.

But it seems that that is not to be, so perhaps the Minister can explain this as well. So I get up and offer those few words by way of being sympathetic towards, I think, a goal that we should all be interested in, and that is the economic development of this province of ours.

MR. SPEAKER: The Honourable Minister of Highways will be closing debate. The Honourable Minister of Highways.

HON. HARRY J. ENNS: Thank you, Mr. Speaker. Mr. Speaker, I appreciate the comments honourable members have given on Bill 54. The Honourable Member for St. Vital quite correctly gave, or listed a number of reasons that I might have used but didn't use, and I didn't use them for a purpose, because they simply weren't the reasons for Bill 54. The honourable member goes on to conclude that the bill is not really necessary, he considers it possibly a waste of our time and the public's time in bringing the Act before you.

Well, Mr. Speaker, the one reason that I did give in the brief introduction of Bill 54, and that one perhaps has not caught the attention of honourable members is that the concept of setting up the Department of Government Services as such figures into the bill that's before us fairly prominently. As divorced from the older Department of Public Works, the reorganization of government following October last of several Octobers, subject to some of the recommendations of the Task Force called for the setting up a Department of Government Services. I say, Mr. Speaker, I know it may disturb honourable members opposite when I say, "Not unlike the Department of Government Services in the government of Alberta".

From time to time I have to accept the fact that, particularly in the last eight years that references would be made that they like to do it things the way the government of Saskatchewan did things. So I know honourable members won't hold it against me if, occasionally we borrow a leaf out of how the government of Alberta does things. And it's the concept of setting up a Department of Government Services that provides services to other departments and agencies of government, whether it's a provision of a fleet of cars, office rental space and computer data services and to be able to monitor and to direct the growing amount of computer processing work that is required in modern government, but as a department responsible for providing service in a most efficient way, to see that that is under the jurisdiction of that department principally charged with that responsibility. That really is the reason for the separation.

My honourable friends opposite feel that it was no difficulty to maintain that kind of control and monitoring with a separate Crown agency, a utility like Manitoba Telephone Services. The Honourable Member for St. Vital says there's no problem in directing the directors of Manitoba Telephone System or the management of Manitoba Telephone System to do precisely and at all times, exactly what governments want because their jobs are in jeopardy and if they don't do what we decide we want them to do, they'll be fired.

Well, that's a rather harsh indictment of perhaps their view of dealing with the Crown agencies. I admit that there surely is a degree of realism in that statement, in the sense that any agency of government has to, in the overall, reflect the policies of the government of the day. But in this growing area of work it was felt important, and to create an important component of the new Department of Government Services, it was worthwhile to take this step; a step by the way which upon investigation, upon having the opportunity of having the Deputy Minister, former city of Winnipeg administrator, Mr. Jack Kyle, who is currently the Deputy Minister of Government Services in Alberta; who has a reasonable knowledge of our situation here from his years in Winnipeg, in Manitoba, who we asked and who, I might add, Mr. Speaker, kindly gave us some of his time to early on review this particular relationship as to how the data services could and should work with the newly-formed Department of Government Services.

Mr. Speaker, there was serious thought given to simply bring data services completely within the line department — responsibilities of the department and not to set it up as a Crown corporation. That possibility, you know, was certainly examined very seriously. I might say I was not the Minister at the time the final decision with this respect was made. I might freely admit that I had some preference to that course of action. It would become a division of the Department of Government Services, directly responsible to the Minister, directly responsible to this House and open to the kind of examination that — well, perhaps that's not fair. I think, you know, all agencies of government receive examination, you know, at estimate time and/or at reporting time from all members of this House.

But anyway, that really is the reason for this change. Mr. Speaker, the Honourable Member for Brandon East is concerned, and rightly so, about the question of jobs. The private sector worries a great deal about the fact that we are threatening or eliminating potential job opportunities from them. I anticipate some fairly serious objections to the bill, particularly to clause — Mr. Speaker, if you will forgive me, we're into clause 11 of the bill and I know I'm not supposed to refer to the clause but when it indicates that the aims of the commission is to provide and maintain computer data processing services available to the government, government agencies, government-supported institutions and subject to this Act to other persons. Well, Mr. Speaker, that pretty well takes in

the waterfront.

There are a very wide variety of institutions that are what we call government-supported. All personal care homes, all school divisions, all hospitals, a variety of different agencies and those that have some government support. Many of them are now being serviced by private computer service firms with their administration bookkeeping operation.

So I anticipate some pretty substantial objections to this bill from the private sector as it now stands. Honourable members will have an opportunity of hearing it at Law Amendments .

Mr. Speaker, the other particular matter, directing my remarks more specifically to the Honourable Member for Brandon East, is that the honourable members will recall that a firm that was at one time more in the public sector, Cybershare, MDC-financed firm initially, which is now, I am told, on the kind of break-even situation of successfully, you know, making it in the private sector, is very concerned about the potential job losses and the jeopardy to having bought the business from the public, now have to compete with the public in order to maintain their opportunities in this particular field. I'm advised, Mr. Speaker, that Winnipeg has an excellent opportunity, through firms like Cybershare and others, to develop and to create the job potentials that the Member for Brandon East is concerned about, provided that the intrusion of government doesn't constantly hang over them. And the private sector understandably looks at this intrusion of government as being unfair, in the sense that the bill that we're now passing provides for special taxation exemptions. They do not pay the same — the Manitoba Data Services, a Crown corporation certain grants in lieu of taxes, but the pay private sector will always argue that that is not comparable to the taxation rates that they are faced with. And yet if unlimited leeway is given to the public firm are supposedly out competing for the same . . . business, the private sector simply says that it's not a fair game.

Now, Mr' Speaker, we make no apologies for it this side of the House; that's a debate that has ranged fairly extensively during the course of this session and the last session, and that is namely, that yes, we are concerned about providing the climate in Manitoba for the private sector to develop, for the private sector to create the necessary jobs, and for that job creation to be there as much as possible in the private sector.

Now, however, before my honourable friends indicate that, and they often like to do that, that we are on both sides of the fence. Well, Conservatives are always on both sides of the fence. Conservatives aren't doctrinaire about that. We are passing a bill here that's going to set up a public corporation, \$11 million with loan capacity of an additional \$5 million, to do a substantial amount of the data processing work in Manitoba, because we think, you know . . . well, my colleague, the Minister of Finance indicated that perhaps reluctantly, and we would not be starting out, we would not necessarily be initiating this step, if we were today starting out from Square One.

But our blinkers aren't that solid, whether it's on a Hydro issue or whether it is the Manitoba Data Services, that we cannot in a pragmatic way make the best and possible use of the public dollars invested in a situation, and to safeguard that public investment. We are, however, and that is reflected in the Act, and that is reflected in the policy directions that we're giving Manitoba Data Services, equally concerned and perhaps more so, that government intrusion of this kind, government involvement of this kind, does not exclude the healthy development of the private sector.

Well, Mr. Speaker, with those few remarks I commend the bill to the honourable members of the House. I seek their speedy passage at the committee stage.

QUESTION put, MOTION carried.

MR. SPEAKER: Bill No. 63, An Act to authorize The Expenditure of Money for Capital Purposes and Authorize the Borrowing of the Same. The Honourable Member for Kildonan.

MR. FOX: Thank you, Mr. Speaker. We're notgoing to debate this bill at length here, and I think the most appropriate and feasible place to discuss it is in committee. We're going to let it go.

QUESTION put, MOTION carried.

MR. SPEAKER: Bill No. 64, An Act for Granting to Her Majesty certain further sums of money for the Public Service. The Honourable Member for Kildonan.

MR. FOX: For the sake of brevity, I have the same remarks for this bill, Mr. Speaker.

QUESTION put, MOTION carried.

BILL NO. 66 — THE MOTOR FUEL TAX ACT AMENDMENT

MR. SPEAKER: Bill No. 66, An Act to amend The Motor Fuel Tax Act. The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker, I adjourned this bill for the Honourable Member for Ste. Rose.

MR. SPEAR: The Honourable member for Ste. Rose.

MR. ADAM: Yes, Mr. Speaker. We don't intend to hold this bill up for debate. We've checked it over and find nothing there that we're objecting to, and we'll allow it to go to committee.

MR. SPEAKER: Are you ready for the question? The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker, I'll be closing on this of course, and just a brief comment. It's pleasing to see the opposition come out with a very clear-cut position on this bill. They haven't on some of the others that provide tax relief to the people of Manitoba, and I want to congratulate them for supporting the government on this.

QUESTION put, MOTION carried.

MR. SPEAKER: Is it my understanding that there is a disinclination to proceed with 59 and 60? Can I receive some direction from the Acting Government House Leader?

MR. ENNS: Well, Mr. Speaker, I'd like to make a speech about freedom at this time. Mr. Speaker, perhaps it would be in order for a very brief recess while I search out the House Leader.

MR. SPEAKER: Do you want to go into Committee of Supply?

MR. FOX: Mr. Speaker, maybe I can help the Acting House Leader if he's prepared to go on Private Public Bills. If you would call Bill 37, An Act to amend The Museum of Man and Nature, we would be prepared to discuss that now.

MR. SPEAKER: Bill No. 37, Public Bills, An Act . . . The Honourable Minister of Highways.

MR. ENNS: Mr. Speaker, the Whip has gone for the House Leader. Would it be in order to request for a brief recess? Or are there some other bills?

MR. SPEAKER: Bill No. . . . Is it agreeable to proceed with Bill No. 37?

MR. ENNS: Could we just wait a second or two?

MR. SPEAKER: Okay.

MR. ENNS: Mr. Speaker, is there a disposition on the honourable members opposite to allow us to proceed with Third Readings and clear those off the Order Paper. —(Interjection)— Well, okay.

THIRD READINGS

BILL NO. 18 — AN ACT TO AMEND THE NATURAL PRODUCT MARKETING ACT

MR. ENNS presented Bill No. 18, An Act to Amend the Natural Marketing Products Act, for third reading.

MOTION presented.

MR. SPEAR: The Honourable Member for Lac du Bonnet.

MR. SAMUEL USKIW: Mr. Speaker, I regret that the Minister of Agriculture is not here because he is, of course, the minister that is responsible for this legislation and for the operation of the Marketing Council, pursuant to the passage of this bill.

Mr. Speaker, the other day in committee it was made obvious to all present at the committee, that the points that the opposition raised on Second Reading on the amendments to The Natural Products Marketing Act, were indeed the points of concern by the people who presented briefs at committee. And, Mr. Speaker, I simply want to take a few moments to restate what we believe is a very important, fundamental principle that should not be violated, and that is that the government of course has the ultimate authority and responsibility with respect to what happens with respect to regulations of the marketing of products in this province. Constitutionally, that is their responsibility. They also have the right to delegate that responsibility from time to time to various agencies, be they marketing boards or marketing commissions, or whatever kind of agency they would want to establish. That is within their jurisdiction, Mr. Speaker.

But the point that I make, is that they are erring sadly, Mr. Speaker, once when they reach the point that they have delegated responsibility to a marketing board, elected, appointed, or a marketing commission that is appointed. Given that body certain parameters within which they may function, to then set up another jurisdiction to oversee, not only to oversee, but to overrule the decisions that they make under those powers that have been given to them. It seems to me is a direct intrusion on the part of the minister, in the day-to-day operations of these agencies. If the minister felt that they shouldn't be empowered to make decisions, certain decisions, then it's within his authority to limit the regulatory powers that are delegated to those bodies.

So, Mr. Speaker, in that connection, we properly put forward an amendment in committee, that would provide that the Marketing Council could only deal with matters arising out of any board or commission overstepping its authority. That is, where they have made a ruling or a regulation or by-law, that is clearly beyond their terms of reference, then of course an appeal could be launched to the Marketing Council, who would then decide on the appeal, and subsequent to that, could be taken as far as the courts for final settlement. That is reasonable. But, Mr. Speaker, I believe it's wrong in principle. It's the very basics of the legislation that I am concerned about — the right of producer groups to market their product collectively. It is wrong in principle to have a judge and some court determine whether or not they are making the right policy decisions, which they have been delegated to make by the minister.

You know, it's true that when one is exercising authority in this field, that from time to time there are sectors in society and individuals in society that feel that the decisions that are made are not the right ones. But notwithstanding that, Mr. Speaker, they are policy decisions. And these boards and agencies have the right to make those policy decisions. Therefore, it's wrong in principle to challenge a policy decision of an agency that has been empowered to make that decision, simply because someone is uncomfortable with the decision or the ramifications of it, and therefore wants to take the matter to the Appeal Council, after which it can be subsequently taken to court. It means that if there was a will on the part of individuals or corporations or any group, they could practically hamstring the operation of any marketing board in Manitoba once this bill is passed, Mr. Speaker. There can be numerous complaints about the operations of the board, albeit they may be legal and valid, that will take up the time of the marketing council, that will take up the time of the marketing board in defending their actions, and that will cause expense, delay, and a great deal of administrative discomfort, Mr. Speaker, in the operation of these agencies because of the procedures that are being proposed.

So I suggest to the government, and not only to the Minister of Agriculture, that they should review their position with respect to the principle that is involved, and that is having delegated authority they don't need another authority to take away some of that power that they have been delegated in the first place. And if the Minister wants to reduce the powers of these agencies, then he should simply amend his regulations in the first instance when he delegates these responsibilities to these agencies so that they would function within the terms of reference that the government wishes them to function in. And that is as simple as it is, Mr. Speaker. So let's not complicate life any further for Manitobans, Mr. Speaker, because if it is clear that the Minister feels he wants this kind of control, he already has it. He doesn't need another bureaucracy to administer what he can now properly administer.

MR. SPEAKER: The Honourable Minister of Highways.

MR. ENNS: Mr. Speaker, I hadn't had an opportunity to enter in the debate on this matter. It's a matter that I know the Honourable Minister of Agriculture won't mind me having a few words to say on because over the years I've expressed some interest in the operations of marketing boards. My remarks, by the way, will be very brief. But let me indicate to the Honourable Minister or former Minister of Agriculture that to have an elected group such as a marketing board subject to some further, you know, council, from time to time is not out of the ordinary at all. We have all kinds of examples of that happening. I mean we have that when we have problems between rural

They're referred to the Municipal Board to look at. We have problems with disputes with school divisions, all duly elected school divisions who can refer some of their problems to different boards such as the Board of Reference for boundary disputes, and whatever. I'm not totally aware of some of the mechanisms that are available in the Department of Education to ask for and to receive some further reference. Mr. Speaker, I suppose we, as governments, when we dispute with each other, either sister governments, provincial governments or the federal government, we end up in the supreme court, having our judgment and our assessment of a given situation questioned. So the idea of having, in my opinion, the Manitoba Marketing Council do precisely what it was set up to do originally; that is to be the kind of supervisory advice-giving council — and this is not an outside group, this is still within the agricultural community. You know, the powers, Mr. Speaker, that are granted to marketing boards are very wide and they're very great, and I don't think it's wrong at any time for those powers, from time to time, to be challenged. Indeed, Mr. Speaker, I think most farmers would rather have them challenge from time to time or question, by a fellow agricultural people, if you like, such as the Marketing Council by and large represents, although I believe you know there will be some other representation on that board. But the idea of referring, you know, an individual marketing board's decision which might from time to time represent somewhat narrow interests — it might from time to time represent only producer interests and not necessarily long term producer interests — to have that question from time to time referred to the greater wisdom of a parental supervising body has, in my opinion, a great deal of merit.

We have had examples, Mr. Speaker, where marketing boards have not acted in the best interests of the people as a whole. It may be done understandably and will continue to understandably, essentially represent the vested interests of those producers that are involved, but there are occasions, and I think the Minister has recognized it. I think the Minister recognizes the growing concern in Canada about the kind of unlimited strength and authority that marketing boards have; that it's in the farmer's interests that such a step be taken rather than have it rested completely out of their hands at some future date by an angered urban consumer population.

So, Mr. Speaker, I think the move that the Honourable Minister is taking is advisable and will be supported by and large throughout rural Manitoba.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I thought the Minister was going to speak, and I . . . well, he wants to speak after me. Okay, he's entitled to that, Mr. Speaker. Mr. Speaker, I wish to make it clear that I'm not a connoisseur of this legislation and I have not read in detail the Act. I just heard the Member for Lakeside and the Member for Lac du Bonnet, the Minister of Highways, the former Minister of Agriculture.

The Minister of Agriculture, as I now understand the procedure, is that if a marketing board does something which somebody wishes to appeal against, they can appeal to the Natural Products Marketing Board; that the Natural Products Marketing Board can make a decision, and that this decision can then be put into the hands of the Minister who has power to either see to it that that decision is fulfilled, or who can in effect overrule the decision by not acting on it. I am also aware, Mr. Speaker, from personal knowledge, that there is an appeal from the decisions of some marketing boards in any event to the Lieutenant-Governor-in-Council. The argument that is taking place in the House at the present time is not whether a citizen or anybody else can have a right to appeal against the decisions of marketing boards or the treatment of marketing boards, but rather when these things concern matters of policy they should be decided by the courts or by those people who are entrusted to deal with policy, namely the Lieutenant-Governor-in-Council. That's the only argument.

So when my friend, the Member for Lakeside, the Minister of Highways says that there has to be recourse against a decision of marketing boards, I think he is, with great respect to him, misconstruing the debate. It's not whether there should be redress but who is ultimately going to deal with it, and the Member for Lac du Bonnet said that where that redress deals with policy it's not a court matter it's a government matter. Exactly, Mr. Speaker, as it is with the Clean Environment Commission. We accepted the responsibility where that with respect to Clean Environment orders which may affect the economic development of the province, that the Clean Environment Commission can make an order but ultimately the Lieutenant-Governor-in-Council will decide. And I see nothing wrong with that, and I gather that the Member for Lakeside, the Minister of Highways, excuse me, will agree with that.

Now I am aware and it should not be misconstrued, that a citizen can sue the marketing board; that it's not as if there is no redress. As a matter of fact I am aware that a citizen sued the marketing board and gained substantial damages against the marketing board; that a Mr. Gershman took

an action in common law in court alleging a conspiracy to injure him, or a similar cause of action, and no court said that you can't sue a marketing board; that the courts heard the case and the man succeeded. So why is somebody suggesting that the Minister of Agriculture or the former Minister of Agriculture is trying to protect marketing boards from citizen complaints — not at all. They have a right to make a complaint based on existing common law causes of action. They have a right to succeed and they have succeeded without the help of the Minister. That's not the issue. The issue is that where a complaint is made on the basis of policy of a marketing board to do certain things, the complaint is made against the board, the board rejects it, the complaint is then made to a council and it is rejected at that point, that you can then go to appeal, to a court of appeal.

Mr. Speaker, what is being suggested is that the ultimate decision can be taken from the council to the court and at that stage the court is deciding a question of policy. It's not deciding whether or not a citizen has had his rights taken away from him at common law, it's deciding how the marketing board should operate. I don't know for the life of me why my honourable friends would want to have a court to do that, with one exception, Speaker, one reservation, that the Lieutenant-Governor-in-Council has not got the guts to do it. And they want to say that we haven't decided this matter, the courts have decided it and they are the proper people to do it.

Well, Mr. Speaker, if that's the case I understand it. They've got no guts. They want to entrust policy to the courts. They don't want to be the people who can stand or fall on the basis of what they have done. It is completely understandable but not on the basis of what the Minister of Highways said, that there should be appeals. There are now appeals; they exist; they have been used. There are both appeals to the Natural Products Marketing Board central body and appeals to the Cabinet. I am certain of it, Mr. Speaker, because I appealed to the Cabinet with respect to a marketing board order made by the Milk Producers Board against a cheese factory. I didn't get any decision but I appealed. —(Interjection)— Undoubtedly no guts. The fact is — the action is now in court and I will not dwell on it — but the fact is that my client, and it is in court indeed, the marketing board sued —(Interjection)— the marketing board sued the cheese factory. So it's the court that's going to decide, but they're not going to decide whether the marketing board should or should not have demanded information. They're going to decide whether the law gave them the right to, which is an entire difference, Mr. Speaker. If my client was saying that the law gives you the right, but I don't think it's nice that you have done it, then that's not a decision for a court, that's a decision for the Cabinet. That's what we asked them to decide on it.

Interestingly enough when my friend the Member for Lakeside will be interested to know because sometimes it sustains his petition — we set up a marketing board to control milk products and milk prices and milk production. They sell milk to the cheese factories. There is nobody from the cheese factories on these boards. The cheese factories don't have anything to say about these boards. The milk producers are demanding from the cheese factories their financial statements, how much wages they pay, how much profit they make, in order that they will know how much they can charge them for milk without putting them out of business, and they say that that's perfectly all right because cheese is a milk profit; never been controlled, never regulated, never protected. They've never gone to the cheese producers and tried to get additional prices for cheese and the matter is now before the courts.

So my friend who will have something to sustain his sometimes concern as to what a marketing board can do, here's a marketing board that's selling products to somebody and wants its customer to deliver a financial statement so that they can find out how much to charge them for the product. That's pretty good if you can get away with it. I don't think it permits it but there is a case in court on it right now. —(Interjection)— Yes, a case in court, Mr. Speaker, I disclosed, I am acting for the defendant. We are trying to succeed against the marketing board, and there is no bill that provides that it will come to court in that way.

QUESTION put, MOTION carried.

MR. USKIW: Well, Mr. Speaker, we asked for yeas and nays, and the bell.

MR. SPEAKER: I'm sorry; I didn't hear you. Call in the members.

Order please. The question before the House is third reading of Bill No. 18.

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

YEAS: Messrs. Banman, Brown, Cosens, Craik, Domino, Downey, Driedger, Einaron, Enns, Ferguson, Galbraith, Gourlay, Johnston, Jorgenson, Kovnats, Lyon, MacMaster,

McGregor, McKenzie, Mercier, Minaker, Orchard, Mrs. Price, Messrs. Ransom, Sherman, Steen.

NAYS: *Adam, Boyce, Cherniack, Cowan, Doern, Evans, Fox, Green, Hanuschak, Jenkins, McBryde, Miller, Parasiuk, Pawley, Uskiw, Walding.*

MR. CLERK: Yeas 27, Nays 16.

MR. SPEAKER: I declare the motion carried.
The Honourable Government House Leader.

MR. JORGENSON: Mr. Speaker, I move, seconded by the Minister of Education, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider the Ways and Means for raising of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee of Ways and Means with the Honourable Member for Radisson in the Chair.

COMMITTEE OF WAYS AND MEANS

MR. CHAIRMAN, Mr. Abe Kovnats (Radisson): Main Supply: Resolved that toward making good certain sums of money granted to Her Majesty for the Public Service of the Province for the fiscal year ending the 31st day of March, 1980, the sum of \$1,704,666,900 be granted out of the Consolidated Fund—pass — the Honourable Member for St. Johns.

MR. SAUL CHERNIACK: Mr. Chairman, last night when you read the resolution, I did not quite remember the opportunities we had had in the past to discuss the Revenue Estimates and I was satisfied in my mind that I couldn't think of any other occasion when we can discuss the Revenue Estimates except in Ways and Means. I asked people who have had a great deal of experience in the House and they couldn't quite remember that much time was spent on this resolution in Ways and Means. On the other hand, it was agreed that there was no other logical opportunity to discuss the Revenue Estimates in any sense of detail, except in this committee, where we are talking about the sources of our revenue with which we will be able to finance the expenditures that were approved in the Estimates Committee.

Mr. Chairman, I had a number of questions to ask and would like to deal with them. Probably the most logical way would be in a sense of sequence, but I don't want to take up more time than appears really necessary to do this because we are, most of us, anxious to proceed with the business of the House and get out of the House. Nevertheless, we do have questions to answer.

Now, I would ask the Minister of Finance if he could clarify for us the very substantial increase that's shown under Legal Aid for the Attorney-General, an increase from \$750,000 to \$2,200,000.00. It is such a substantial increase and I'm wondering if he would have the answer, realizing, as I do, that he may not because I don't know the detail to which he has records. But we'll see if he has the answer to that, Mr. Chairman.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Mr. Chairman, I think it would be helpful, certainly from the point of view of getting the best information, if the member could go through and list those particular items in sequence, as he has mentioned, and I will come back with the answers for him perhaps as we go through. I will answer the ones I can off the top, and the ones I can't, I will get the information.

MR. CHERNIACK: That's fine. I think that's a very sensible way of proceeding, Mr. Chairman, so I will do that. And I would go back, Mr. Chairman, still to the Attorney-General, I didn't want to take up too much time, but on the basis of the proposal of the Finance Minister, I will just refer to them. That under Fines and Costs there is an increase of some 30 percent; under Land Titles Fees there is also a substantial increase, and my question would be, Mr. Chairman, whether it is the experience of the previous year that justified a substantial increased estimate for this year, or whether it is result of increased activity or whether it's a result of increases proposed to be passed by Order-in-Council under Regulations. There are three ways I can conceive of the reason for the increase. One is, experience has shown that it is greater; number 2, there is reason to believe there will be more activity for payment of these fees; number 3 there may have been or there may be intended to be an increase in the actual rate of fees, so that would be under Attorney-General

A and Attorney-General D.

I've already asked about Legal Aid, and I move now to Liquor Control Commission, an increase of some \$4 million and ask again whether this is the experience of the previous year and the projection in the future, or whether that takes into account an increased rate of markup in the sale of liquor.

The other ancillary question is, is the Minister of Finance — did he have a carryover from the previous year which is available into this year from the Liquor Commission in excess of what he intends for this coming year? I'm under the impression that there was a \$2 million sum left with the Liquor Commission to finance, I guess, future purchases from last year, and I'm wondering if there's any intent to bite into that or to leave that to continue.

Mr. Chairman, I'll go on and make my points and the Minister can interrupt me if he has an answer to any of the points as I go along, and by all means I'll sit down so he can respond.

Under Consumer and Corporate Affairs there's an increase of about 20 percent under Fees, and under Licenses there's an increase of some, I think, 25 percent, and under the Utilities Board there's a substantial increase, and again the different ways in which I could consider the justification of an increase would be any of those three ways I've already discussed.

Mr. Chairman, under Finance, and this the Minister may well have before him, under the individual Income Tax I calculate an increase, an expected increase of some 18.7 million on the basis that there was 378 million estimated revenue on the left-hand side from which one deducts the \$41 million deal which the federal government imposed on this government and forced this government to reduce its sales tax by 2 percent for half a year. And if one then arrives at a figure of 337.5 million as compared with 356.2 million expected for this current fiscal year, there's an increase of 18.7 million and I'm wondering if the Minister has an explanation and whether that's related to strictly the projection from the federal government which does send projections of what it calculates and, in my experience, the previous government of Manitoba used to take the middle figure pretty well as being the expectation, although I think it may have on some times applied its own judgment. I'd like the Minister to clarify that, and perhaps he can do that at this time. Mr. Chairman? I wonder if he'd indicate whether he can do it now, or . . . ?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CRAIK: Mr. Chairman, I believe those figures do come from the federal government, but the experience so far has been that the department has been able to estimate them pretty accurately, in fact in some cases more accurately than the federal first indications and I think one in particular — it's not that one — I recall that the first estimate of the department turned out to be more accurate and when the federal people came back the second time they were pretty well on the estimate of the department. But the Income Tax figures, my understanding is that they do come from the federal estimates primarily, but there is a fair degree of assessment capability in the department to double-check them.

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

MR. CHERNIACK: I was just wondering on this one item, Mr. Chairman, on the individual Income Tax, whether that figure is arrived at by the input from the department in Manitoba or whether that is the figure presented by the federal government?

MR. CRAIK: Well, in the final analysis it's the judgment of the Department of Finance, Manitoba, but it would be based on the information supplied by the federal government. The member is going back to the arithmetic in the first case, the \$41 million under footnote 2, would be included in the 378 of last year and subtracted off. I think the member's arithmetic is probably — shows then correctly an increase of \$18 million from the left-hand side to the right-hand side when that's done.

MR. CHERNIACK: Well, we've just agreed on something, Mr. Chairman: the arithmetic is correct at 18.7 million. Mr. Chairman, now, looking at Manitoba levies, the metallic minerals tax shows an increase from 3 million to 15 million. One can't help but notice that tremendous increase, and I don't recall being aware of the reason for that. I wonder if the Minister could explain that.

MR. CRAIK: Well, Mr. Chairman, I think we mentioned in the Budget Speech that we expected more buoyant revenues in this area for the '79-80 year. We're anticipating an improvement in the mining industry for that year, and this is reflected in the Estimates that are included here.

MR. CHERNIACK: The Member for Seven Oaks has just told me that last year there was a substantial increase beyond the \$3 million and of course we're doing a comparison between estimates and estimates a year apart, and therefore it's really experience then that would influence the increase to \$15 million on the basis that there was that much more earned in the previous year. I assume that this is the same item of taxation which was discussed this morning and is still before the House under The Metallic Mineral Royalty Act, and if it is, I would like to know, and I did scan the speech by the Minister of Mines. I did not see an estimate of the reduction that would ensue because of the change in that Act. I wonder if the Minister has that information. How much are we giving up by the proposed passing of Bill No. 57?

MR. CRAIK: For the '79-80 year, Mr. Chairman, we don't anticipate any significant change in the figures as a result of the change in the Act for the '79-80 year, nor would it have affected the last two or three years before this in any significant way. It would have been slightly higher income, I think, under the new Act in the past two or three years. There's nothing closer that we can estimate coming out of '79-80 as a result of the change in the Act.

MR. CHERNIACK: Mr. Chairman, I just realized that I said how much of a reduction. Actually, as I read that Act, there's an increase of taxation from 15 percent to 18 percent. There is a reduction of the windfall portion of tax that is involved the second year, I think, over a certain figure, and therefore what the Minister, I gather, is saying is that with the increase at the low level and the elimination of the high level he does not visualize a change in this current fiscal year. He's nodding his head, so I will leave that, Mr. Chairman.

Now I'd like the Minister to know Mr. Chairman, that I made a real effort to get a copy of the transcript of Hansard for yesterday morning dealing with the Minister's closing of debate on the Retail Sales Tax Act, because I did not want to ask for a repetition. But I haven't been able to get it yet. It's apparently not ready and since I was not here yesterday at about this time, about 24 hours ago when the Minister closed debate I must ask him, Mr. Chairman, if he would repeat his explanation of the estimate of \$1 million reduction in revenue due to the introduction by the government by Order-in-Council of the additional exemption provided to children under age 15 whose size is such that the clothing they purchase does not come within the size description of exemptions. I wonder if he would mind clarifying that.

MR. CRAIK: Well, only to the extent, Mr. Chairman, that the calculations are based on the Stats Canada survey figures for 1974, that indicated that between the age group 4 to 13 that there was an average of \$226 on children's clothing spent for boys, and for girls \$234, and an increase in the CPI from 74 to 79 was taken into account, and that is approximately a 40 percent increase, and brought it up to the order of -322 in '79. A number of children were taken and it's expected a total sales tax exemption for about 31,000 children or about one third of the approximately 95,000 children eligible in the age range of 10 to 14. The extrapolation of that that led the department to conclude that a 1 million dollar figure was a realistic estimate, and that's exactly what it is, Mr. Chairman.

I concluded by comments by saying that I hope that the Member for St. Johns was closer to being right than the estimate of \$1 million I gave, but the best information is that the \$1 million is probably still the best guess that can be made.

MR. CHERNIACK: Well, Mr. Chairman, the member says he hopes that my estimate is right, but the point is that if my estimate is right, then what's all the fuss about? There are very few children affected. Nevertheless, Mr. Chairman, at all times was I one that wanted to see to it that if we were exempting children on the basis of age, which was logical, then we should exempt all children on the basis of age. The argument that I could not see was the way it would be practical to do it. And I still don't believe it's practical, and I cited as my authorities Gurney Evans and Sterling Lyon back in 1967-68, and I think '69. I think there were three different years in which each of them said that it is not practical to do it the way that apparently it is going to be done by this present government, and I think their knowledge then was much better than it is now, and I haven't been able to cite them now as to what they said.

Mr. Chairman, I have Stats Canada for 1976 which is two years later than the Minister's figures, and they don't quite jibe, so let me put on the record the figures I was given and in the end we'll see, next year or the year after we'll see what happened. I have, from Stats. Canada, 1976, which was published only this last April, 1979, that there were 244,725 children of zero to 13 years of age and that they spent \$37.3 million. There were 20,380 children of age 14. On that basis, by extrapolation — these figures, of course, are subject to being checked — there was some \$40 million spent in 1976 by children of age 15 and under. \$40 million spent on children's clothing.

Each child of 14 years of age would have spent \$3.1 million on the basis of this extrapolation. I'm sorry; all children of 14, together, would have spent \$3.1 million, dividing that by the 20,380 children aged 14, I got \$152 per child. Now, that's much less than the figures given by the Honourable the Minister. —(Interjection)— Yes, but nevertheless we're trying to average it out to see how much each child averages in expenditure on clothing, and, according to the calculations I'm giving — and I'm giving all the calculation I have, so it's subject to review and consideration — it was \$152 per child, whereas I think the Minister said in 1974 an average of \$226 a child. So we're into a very large difference right there, Mr. Chairman, based on even two years difference in the inflation rate.

I factored the 1976 to the 1979 by taking 10 percent a year, and I got to an average spending of \$206 per child, which is, again, considerably less than the Minister's. But I still could not conceive how it was that in 1976 the total expenditure on children's clothing was \$40 million and that the Minister's calculations are that for those children, ages, whatever they are, up to 15 who could not be buying clothing that was tax exempt by size, there would be \$20 million spent on garments which were taxable in the past. And that's why I still think the figures are way out, way out.

Now, I made some notes of the Minister's figures now. I will check them again. It's a matter of interest, Mr. Chairman, because, personally, I think that if it's way out we should know that it's way out. Secondly, I have always believed, and there must be letters on record in the Department of Finance where Ministers of Finance since 1967 were responding to questions and entreaties and demands from people asking that the children's clothing exemption be extended on the basis of size beyond children's sizes, because that was one of the biggest complaints we were getting. And there is no question about it, it is both justifiable logically and is politically attractive to exempt those children. Why should they be excluded or discriminated against because of the fact that they have grown to a size greater than that of the average or the regular children's sizes.

But since we were always being advised it was not practical, since we were always being told by administration that it would be difficult to enforce, since we were always being told that there would be a great big loophole created through which much loss of revenue would walk through, then I have to say that if that estimate of \$1 million is correct then it must be a figure that is taken in order to take care of the expected abuse of this exemption. And if that is the case, then it's really very important because, Mr. Chairman, previous Ministers of Finance were not prepared to do what this Minister of Finance is doing, only because they were given advice that there would be abuse, not because they didn't want to do it. And if their advice was valid, then this Minister is taking a risk with revenue for the province. If he was right, then, unfortunately, it would appear that all the previous Ministers, including his own colleagues on the Conservative side, were misled, and that would be unfortunate.

I raise that only because it's a matter of interest to me, anyway, and I go on, then, Mr. Chairman, with some more of the questions.

There is a substantial increase in The Revenue Act, 1964, Part I, from an estimate of \$12 million in the previous year and \$17 million this year, some 40 percent difference. If the Minister has an explanation, I will be glad to yield the floor. That's item 8, (b)8.

MR. CRAIK: Not offhand. I will take it as . . .

MR. CHERNIACK: All right, he's taking it under advisement. Oh yes, and I had skipped to Retail Sales Tax, so I will pass that by because I suppose there is no other way. There is an increase, I calculated, of some \$10 million, although, Mr. Chairman, if one looks at these figures and sees \$146 million for last year, compared with \$217 million for this year, using the logic that was used by the First Minister, one would say, "Look at the way this government is increasing taxation." —(Interjection)— Mr. Chairman, the House Leader, I assure him . . . He tells me I am forgetting. I am not forgetting; I am remembering very well that there was a great reduction last year by a 5-½ month, I think it was, holiday of 3 percent of sales tax and that's why there was a tremendous reduction in the amount.

The point I am making is that they took credit for the whole thing. They took credit for a 3 percent reduction measuring, I think, \$61.5 million. And when they say, and backbenchers have said, \$81 million are the tax revenues we gave up and gave back to the people. They didn't have to pay \$81 million of reductions. If one reads it, one realizes that \$61 million of the \$80 million was, firstly, temporary; and secondly, was financed to the extent of \$41 million by the federal government; and thirdly, was done in such a way that this government objected violently and loudly to the way in which the federal government forced them to bring about that reduction.

And I'll make it clear: I know they didn't object to the fact that it was reduced but they objected to the way it was imposed on them by the former federal government.

So, by their description of an \$81 million reduction, including \$61 million in sales tax, I could

just turn around and say, remembering full well, I point out to the House Leader, that what happened last year applied to this year and, by the exact same reasoning, one can say that this government has increased taxation in this year by at least \$60 million in sales tax alone, made \$70 million in sales tax alone, because if one subtracts 146 from 217 I think one arrives at 70-plus million dollars of increased taxation by this government, in this year, imposed on the people of Manitoba. I'm saying that, knowing full well what the history is, but using the figures in the same way that Conservatives used them last year in their efforts to achieve credit from the taxpayer for this reduction of taxation. Last year's reduction is this year's increase.

Mr. Chairman, under Government Services there seems to be a substantial increase of rentals from various government properties —(Interjection)— Could I just finish the sentence, Mr. Chairman?

MR. CHAIRMAN: By leave? Carry on. The Honourable Minister of Finance.

MR. CRAIK: It would be in order, if the member has a series of questions on the other items that he feels that he'd like to place, I will be in a better position to answer them when we come back to this bill.

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

MR. CHERNIACK: I can do it in one minute and I, too, grant leave for our extension one minute to accommodate the Minister's request.

Under Government Rentals, Item (a), there is an increase which looks to me like about 30 percent increase. Health and Community Services, under Vital Statistics, maybe because the Conservatives are such breeders, there is a very substantial increase in payment of certificates in Vital Statistics. Either they kill them off or they get born. In any event, there is a very substantial increase of close to 25 percent.

Under Mines and Resources, under (b) Water Power, Rentals and Parks, a very substantial increase. —(Interjection)— Well, the Honourable Member for Pembina can't wait, Mr. Chairman. I don't want to take his time, and he may leave anytime he likes.

Mr. Chairman, if the Member for Pembina objects to my taking the time, I am prepared for you to close the meeting down, and we will have to come back to it; I thought we'd save time.

Under Health and Community Services there is an increase of some \$5 million, item (g), and, finally, Government of Canada, Acquisition and Construction, Northern Affairs, an increase from \$2.8 million to \$10 million. I think probably that's on the record elsewhere but, Mr. Chairman, if it's a brief answer by all means I'd like it. If not, I would not burden the Minister with having to get that information, which I think is available.

MR. CRAIK: This is under Shared Cost Receipts (g)?

MR. CHERNIACK: Yes, the first (g), Health and Community Services, and then the next one is under Government of Canada, Acquisition (e) Northern Affairs, and these are the . . .

MR. CRAIK: Okay.

MR. CHERNIACK: I'm sorry, Mr. Chairman, if the Member for Pembina can suffer me just a little bit longer, on the final page, Miscellaneous Receipts, (a) Agriculture, a very substantial increase of something of over \$5 million, from \$400,000 to well over \$5 million, and, under Highways and Transportation, a very substantial increase from \$1 million to almost \$3 million.

Those are the questions I had, Mr. Chairman. As I understand it, the Committee will rise and then, on a later occasion, the Minister will be able to respond. And I do appreciate the time given for me to ask these questions.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Radisson.

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

MOTION presented and carried.

MR. SPEAKER: The hour being 12:30 the House is accordingly adjourned and stands adjourned until 2:30 this afternoon. (Wednesday)