

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
8:00 o'clock, Monday, May 1, 1972

MR. CHAIRMAN: (Clauses 10 and 11 were read and passed). Clause 12 . . . The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, dealing with this particular section we're repealing a section dealing with exemption for production equipment, and I'm just wondering what the effect would be, for instance, where you have a trailer factory such as we had too in my home area; one was burned to the ground the other day but there's still - - (Interjection)-- Pardon? No. No it was a good going business. In fact . . . had bought into it quite heavily and they are the ones that had the controlling shares and therefore I think as far as rebuilding and so on it's not a local decision, it's now a decision of another party. But I'm wondering under this section, by repealing this particular section, just what the effects are going to be in cases of a factor of this type. Does this mean that they will now be subject to this tax in manufacturing trailers?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: That's my understanding, Mr. Chairman.

MR. CHAIRMAN: Clause 12 . . . The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, certainly this will I think hurt the business in my community. This means that the product will have to be sold at a fairly higher price. I know the trailers are not that expensive which could mean \$100 or more. But as far as the mobile homes are concerned they sell for a much higher price and this could well mean around \$500 apiece, and I think this more of a luxury item to many people. It's mostly the higher salaried people that can afford such a thing and I think this will cut down their sales and this will hurt the economy, the manufacturing economy in this province and I certainly take exception to putting on an additional tax at this time.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I think the Honourable Member from Brandon West wanted to . . .

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I wanted to talk under this section on the subject of jobs and but I would first like to have the answer from the Minister as to whether or not this repeal of subsection (4) of the Act will mean that there will now be a sales tax on generators and turbines and so forth of the kind used in the Nelson River Power Development.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I would answer the Honourable Member for Rhineland by saying that we've been discussing this production tax for -- I think this is the third if not the fourth day and we've been through all that he said -- and the answer I have to give him is that 5 percent of the purchase price of production machinery is the tax that will be imposed. We feel that in all cases a part of it will be deductible as an allowable expense for tax purposes -- actually all of it will be deductible as an allowable expense for income tax purposes and to that extent there will be a lesser impact on the consumer, secondly it is a one-time tax applying to the purchase or to the rental and is not a large amount in relation to the overall cost.

In reply to the Member from Brandon West, my understanding is that the answer is "yes".

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, then if I may continue on the subject of creation of jobs, I would think that now is the proper time to borrow the speech of one of the honourable members opposite which he would call "you can't have it both ways speech" and I think the government has to consider now that they really can't have it both ways in the particular area of Northern Manitoba. I would like to refer, Mr. Chairman, to a press report of Friday the 28th of April 1972, and the headline is "Schreyer Pushing Jobs in the North". "The Manitoba government is expanding its efforts to get permanent jobs for the thousands of unemployed persons in the remote communities of Northern Manitoba, Premier Ed. Schreyer announced Thursday. The Premier at his regular news conference made a three-pronged announcement on the North, saying it was fitting that it should be made on the 60th anniversary of the month that Manitoba's borders were extended northward beyond the 53rd parallel. The main points of the announcement were the province's northern Manpower Corps which had been operating in The Pas since last August will be expanded and we'll have regional offices in four other areas." Now, Mr. Chairman, the First Minister indicates great concern and desire to create jobs in the North.

(MR. MCGILL Cont'd) . . . At the same time, his government is proposing legislation which would add considerably to the cost of economic development in the north and thereby would provide a deterrent to the creation of jobs.

His government would propose to provide for a sales tax on previously exempt electrical equipment of the kind that will be used in the Nelson River development, so I suggest, Mr. Chairman, that he is also going to increase the costs of one of the very basic commodities in job creation in the North, that is power. So, Mr. Chairman, how can you have it both ways - how can you increase the sales tax, how can you increase the cost of economic development in the North by adding a sales tax to production machinery, how can you increase the cost of power by adding to the cost of generators and turbines and still expect to have economic development which will produce more jobs?

We have heard the argument that a sales tax on purchases of production machinery and aircraft that are bought on a lease basis, or that have been bought and the former order placed one or two or three years ago even and are still undelivered and may remain undelivered by next October, that a sales tax will then be payable.

Mr. Chairman, I think this is the kind of retroactivity that makes all of the cost projections in Northern Manitoba somewhat redundant. We think of some of the committed areas, some of the areas in which companies are already locked in to major developments. I think of Ruttan Lake, where mining machinery and equipment for that mine must have been ordered months, if not years ago and still remains undelivered and this company will be faced with a re-examination of the costs involved and it will be necessary for them to certainly re-examine any plans or projections they have for the processing of primary mining production. I think members on both sides of the House over the past 2 or 3 years have indicated their concern and their desire to see more processing of primary materials in Manitoba.

To do this, Mr. Chairman, we have to encourage by every means at our disposal, the installation of refineries, smelters, and other kinds of economic activity that would add further processing to the primary products of Manitoba's mining industry. I am thinking of the possibilities of Ruttan Lake again. We know that the companies must be considering a refinery for zinc. We know that they must be considering certainly a copper zinc smelter and their cost predictions in this area have to be extremely competitive with other refineries and smelters in Canada. Certainly this is going to add 5 percent to the cost of those installations. Certainly that company is going to have to consider it in relation to its position. They are locked in in respect to Ruttan Lake mining, but they are not locked in with respect to refining or smelting and it happens to be a company that already has a nickel refinery in Alberta, for reasons which I am not aware. This goes back sometime in history but it is nevertheless a fact that they are refining some of the primary products of mining industry in Manitoba in Alberta. Certainly we don't want that to happen in respect to zinc and to copper, that they may choose or see a competitive possibility of further refining in Manitoba but I think when we introduce the 5 percent sales tax, we have added, we have taken away from their competitive position in that respect.

We can't overlook the fact that power is a basic commodity in zinc refineries. We can't overlook the fact that if this is the only increase in cost of northern power, it is certainly an important one because Manitoba Hydro, whether the government gets the revenue from the 5 percent or not, is still going to have to figure it in the cost of their power in the north. Not only that, Mr. Chairman, but when we are talking about Hydro costs, this government has deliberately embarked on a program that would add 50 millions of dollars in the very near future to the cost of power development in the north when that might be accomplished by an 854 foot level flooding of South Indian Lake.

So from two directions we are putting a strain on the cost of power in Manitoba. We are toying with one of our basic economic advantages in the development of industry by opting for development programs which are bound to increase the cost in the north. So, Mr. Chairman, I say again to the government, you can't have it both ways. If you want to add to the cost of production machinery you are going to have greater and greater trouble in creating jobs in the north. If we can get a refinery or smelter at Ruttan Lake we are looking at maybe 200 more jobs. If we can talk the Manibridge Mining people into a smelter there, we are looking at another 100 jobs. So, Mr. Chairman, if the First Minister is pushing for jobs in the north, I'd suggest that this is not the way to develop jobs. We can hire more people and put up more regional offices in the north to push for jobs but if we make it competitively to the advantage

(MR. MCGILL Cont'd) . . . of the people who are already in the north to provide us with more processing processes and machinery in the north then I think our job production will be very practically enhanced.

Mr. Chairman, these don't take into account the increasing costs of transportation which although they have been somewhat played down on the other side, nevertheless do exist in the air and on the roads. The Honourable Member for Thompson is sitting there meditating about the road building program that he had in mind for the north. Would he agree that the imposition of a sales tax on road building equipment might have a serious additional cost on the road building program in the north.

Mr. Chairman, I would like seriously to hear from the government side on how we can be so seriously concerned with jobs in the north and we can on the one hand add to the cost of creating jobs, add to the cost of power for industry and on the other hand say that we seriously support the programs of development of the north.

MR. CHAIRMAN: The Minister of Finance.

MR. CHERNIACK: Mr. Chairman, of all members across the way, the Member for Brandon West stands out with a few others as being those who are most courteous in their presentation, most thoughtful in what he has to say and one who abides by the rules more than most. There are others - - I don't want them to feel hurt - - but he's one of the few, and he is deserving of an answer. But surely he must realize that he's been getting these answers for the last number of days and he's been making these speeches for the last number of days. I agree with him that this is the right place where the speeches should have been made. Nevertheless he did make the speeches as did other members and I responded as best I could. Therefore the Honourable Member I hope will excuse me if I don't go into an elaborate and lengthy response, and as I say, if this were his first time up on this issue I would have given him that full and lengthy response but on the basis of what we have already been discussing for a number of days, I don't want to repeat too much.

Let me firstly remind him that the industries he's talking about - - I would think all of them are on the 50 percent income tax brackets. On that basis the 5 percent tax is indeed a 2-1/2 percent tax and the 2-1/2 percent tax is on the initial investments. It is not an on-going tax which keeps repeating itself.

Now he made the point about jobs and what we are doing about jobs is so much more meaningful than the imposition of this one-time tax that I am rather surprised, really surprised that the Honourable Member for Brandon who usually makes a very reasoned appeal has allowed himself to be so carried away by this as to distort the impact, and indeed he has.

As a matter of fact, I don't know how long he has been a supporter of the Conservative Party but surely he must be aware when he talks about the cost of power, that the Conservative Party brought in legislation which imposed a 5 percent tax, not on the equipment which produces the power but on the power itself. Where was he when he was outside of this House and a citizen of Manitoba when that party brought in a 5 percent tax on power? Where has he been in the last few years when he has been a member of this House, on that question of a flat 5 percent tax imposed by the previous government, continued by the present, on the sale of power? And surely he must recognize that the cost of the 5 percent tax on power is many, many times the cost that would be imposed on power by this one-time, and I'll call it a 2-1/2 percent tax on the equipment that's used.

I really feel that the Honourable Member for Brandon West who is not normally one who gets carried away by rhetoric or even by the desire to make headlines, to appeal to the voter as such, but who speaks reasonably I really would think that -- and he doesn't normally speak to the galleries, he speaks in a reasonable way. I'm really surprised that he has not made any effort in his presentation today to equate the proportion involved, to speak in terms of perspective or proportion but rather to equate that kind of a -- the tax we're talking about here with the other costs involved. I really must reject the points he makes and I won't elaborate on them because we've done so time and again and I don't think that it's necessary for this committee to hear the same speeches again and again, whether they be made on that side of the House or on this side of the House.

MR. CHAIRMAN: Clause 12 . . . The Honourable Member for Rhineland.

MR. FROESE: Well, Mr. Chairman, I think this particular section is too important to have passed up. I realized the other day that there was discussion more by the official opposition party. I didn't participate to a great extent at that time because I felt this is where the

(MR. FROESE Cont'd) . . . discussion should take place. I feel that this is going to hurt the economy in my area very greatly, because if we take a look at the section that we're deleting, it is very wide and all-encompassing.

Certainly in the expansion program that will take place, we'll have to pay a tax now. I mentioned before the trailer factory, and there is consideration being given at the present time to expanding it because of the one that was burned down. We have other smaller industries, one that is building truck boxes, the types that are used for hauling potatoes with the conveyor inside. We have companies that build grain augers, harrows and other industries, the smaller type of industry, which will now have to pay this tax. And I should also mention vegetable oils, although they had a large expansion program, but I don't think it's quite completed. I don't know how much of the machinery has been purchased. They were going to double the production, or of processing in that plant, and just how much of the expansion program will be affected now by this plan I do not know. But at any rate, there too, the production of oil and meal and the supplies that go into it, I take all are taxable once this particular exemption is removed.

We have other industries, such as the potato producers, and these are badly hurt this year because they're cut down in production by something like two-thirds of their acreage that they grew last year. And to have a further imposition now in this respect certainly is not going to help any; in fact it's going to hurt. I'm wondering about the chicken and the broiler industry in that area and the egg producers although a number of them have been firmly established. But for any new venture to start up means that they have to reckon with another five percent on the investment that they will be putting up.

I feel that this particular section should not be deleted from the bill. I feel very strongly that this exemption should remain in the Act so that we would be assisting rather than further aggravating the situation in the rural parts of Manitoba. And certainly this does not apply to the rural, as was mentioned by the Member for Brandon West, this is going to affect other industries and especially some of the larger ones no doubt to a much greater extent because of the larger investment. And therefore I would appeal to the government to reconsider deleting this section from the original Act. I think consideration should be given to this aspect.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I just want to draw the honourable member's attention to the fact that Ontario had a production machinery act for quite some time. Last year they passed legislation for a two-month breather in order to stimulate further purchasing of production machinery, and the figures we have would indicate that the removal or the granting of an income tax credit equivalent to the tax was not meaningful in terms of really stimulating production machinery use. I want to draw to his attention that Newfoundland has a production machinery tax; Quebec has a production machinery tax; Saskatchewan has a production machinery tax; and surprise of all British Columbia has a production machinery tax and all seem to be doing well and not suffering from the fact that they have that kind of tax. We will become the sixth of ten provinces to have a production machinery tax.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Well, Mr. Chairman, the Minister of Finance may truly be getting tired of us repeating the speeches that we have been making, and perhaps incorrectly earlier in the bill on this general theme -- but, Mr. Chairman, let's make it fairly clearly understood that for the Minister of Finance to continue to stand up and to assure us that this legislation only places us within concert of five or six or seven other provinces; or that this kind of legislation is accepted in other areas of Canada; or that this kind of legislation has been lived with by industry in other parts of Canada -- that's fine. Every time he gets up and says that, Mr. Chairman, he denies a fundamental knowledge of the fact that we here in Manitoba have our peculiar set of circumstances. We here in Manitoba have some not so peculiar set of circumstances. We've arranged to make sure that we have the highest corporate tax structure in Canada. We have arranged that we have the highest personal income tax . . .

MR. CHAIRMAN: Order, please. I would draw the honourable member's attention to Rule 64 subsection (2). I request that he would confine his remarks to the section and clause that is under discussion.

MR. ENNS: Well, Mr. Chairman, it's very difficult to do that. I believe that I am staying within the rules because when you're dealing with a tax matter, Mr. Chairman, it's not just good enough to say that in this specific area of taxation we're not that bad when stacked up beside the other fellows. Or if you want to take another piece of taxation in isolation and say

(MR. ENNS cont'd) . . . . we're not that bad when stacked up with New Brunswick. One surely has to look at the total effects of taxation in this province and then be concerned with what it's doing.

Mr. Chairman, it's not my intention to belabour the point, but to suggest to the Honourable Minister and to the government, you know -- and really it's amusing -- it's nice to hear the simplistic answers that are mumbled to us every once in a while from the Member of Thompson, like if given a choice he'll go for the working man any time he can tax Inco; or given a choice he'll give up the roads in the north any time he can get an extra five percent on construction equipment; or given a choice he'll forego a mine any time or a mining development any time if he has to vote in favour of the working man. That's a nice standard, simplistic approach to take, and I suppose if only he were still in the north where his former voters were maybe that might even win an election for him. But, Mr. Speaker, unfortunately, he's not there any more and maybe he should reconsider some of his platitudes and his answers in this particular respect.

Mr. Chairman, we've attempted to indicate to the Honourable Minister in our serious opposition to this bill, and we make an appeal to him right now that while we recognize -- surely he doesn't expect us to agree with him -- while we recognize that the government, particularly this government which is spending money like it's going out of style; particularly this government has to find new taxation measures and undoubtedly will find many new taxation measures if given the opportunity of holding office much longer. And we haven't particularly zeroed in on the problems of raising money through the added taxation on tobacco or the added taxation on liquor or even some of the other items, changes made --(Interjection)-- horses, --(Interjection)-- But, Mr. Speaker, it is out of a genuine concern for where we are at industrially-wise; where we are at job creating-wise; where we are at, particularly in northern Manitoba, that we have dug in our heels so firmly on this particular section of the bill, that is namely the five percent surcharge on production machinery. Mr. Chairman, that is a tax on jobs; that's a tax on jobs that we can't afford in this province at this particular time and if this government had any compassion at all for those of us -- for the many Manitobans that are out of work and that may well, as was forecasted in the Minister of Finance's own budget -- that he sees no immediate hopeful optimistic change in that forecast. If he had compassion for that particular unfortunate group of our society, then he would see fit to omit this section of the bill even at this late stage of the Act and concern himself with the proper development of this province.

MR. CHAIRMAN: Clause 12 . . . The Honourable Member for Sturgeon Creek.

MR. FRANK JOHNSTON (Sturgeon Creek): Thank you, Mr. Chairman. Mr. Chairman, I spoke briefly on the other section, on the date it was being brought in. I didn't like to see it, frankly, brought in on any date and certainly under this section of eliminating Section 4 and putting a five percent tax on production equipment is the place to speak on it. I don't intend to be too lengthy except that it seems to me that the present government is taking a stripe off the Federal Government finance boys, where they sit around and play bridge and the stakes are as where will we find new taxes to put on today. It would seem that they don't sit around and try to figure out ways of reducing taxes in this province. They sit around and say boy, we need the money, we're spending it awfully fast -- and there is no consideration of trying to reduce, it's all add-on as far as taxes are concerned. --(Interjection)-- I didn't hear you. --(Interjection)-- I beg your pardon? Would we reduce taxes? Mr. Chairman, just briefly to answer that. I wasn't here in the last ten years, and I would say that when we did put taxes on we did something. It's a hell of a lot less -- more than you ever did. We do not refer to Ontario; we do not refer to places that have large production machinery; we do not say that we are now six out of ten, that's one over half. There was five before, we make it six, so now that it's six that's more than half, but we make up the sixth.

So, you know, production machinery tax in Ontario -- you know, there's a tremendous amount of people in the eastern part of this province. A man can get his return on his dollar much easier. We've got a million people in Manitoba. Any manufacturer who manufactures here has a terrible time trying to get his costs back on machinery by the local market -- or because the local market is not great enough he has to -- if he invests a terrific amount in machinery he goes into the competitive market in the east -- so he just won't bother putting his production machinery in here. And I assure you that as I've said before that you don't compare Manitoba with Ontario or Quebec or the Maritimes, you compare Manitoba with the prairie

(MR. F. JOHNSTON cont'd) . . . . . provinces and we find that Manitoba and Saskatchewan are going down and Alberta is going up.

Now if you take the little brochure that was presented to us, it's very plain, it says examples of the industries that may be affected by this change -- and you've got hotels, that means taxes to people; restaurants, that means taxes to people; laundry, passed on taxes to people, repair shops. You know, that's a pretty broad spectrum. Repair shops -- you know how many types of repair shops there are? That's passed on taxes to people. Printing and film developers, road builders, manufacturers and processors, mining petroleum chemical industry and telecommunications. Now that really goes across the waterfront and these are all passed on.

Now, Mr. Chairman, the Member from Inkster says you can't have it both ways and he fully realizes the taxes will be passed on to the people. There is only one taxpayer. But he says, what are you worried about, the industry's going to pass it on. Well, well if the industry is going to pass it on what are they worried about and why aren't they here? Well they're not here because they will be -- their product will be at such a price that they will not be competitive. But that's not the main thing. The people -- he says you can't have it both ways. Manitobans will get it both ways. They'll get the added on costs that these taxes will put on people from the people who are presently here; and then they will not have the benefit of expansion of the industries that are presently here and they will not have the benefit of the people who think that they might have located in Manitoba to create jobs. So you're going to get it both ways.

I related a letter that was sent to the Minister of a man I have talked to on the phone since. He's still very disappointed that their company now cannot consider Manitoba because of this tax. The project was marginal and this put an end to it. I don't know how the Minister answered that man, I would be very interested to know. But this is just a tax that is going to be passed on to people that they'll have to pick up. It's the same as the other taxes in this particular legislation on liquor over \$3.00. People will have to pick it up and then also people won't come here and invest.

You know, this government seems to think that people want to build businesses in areas where there's no traffic. I assure you that the people who build businesses in any industry, whether it be a hot dog stand, want traffic and there is no traffic in Manitoba to support this kind of a tax. And I assure you that we can be criticized because we're saying the same thing, but we believe that this is a wrong move for the benefit of the people of Manitoba and should have far more consideration. You've said in your own statements that it will affect all of these different industries, and when you admit that that is the fact and you admit that these different industries will have to pass it on, you're basically saying to the people of Manitoba, pay more taxes; you're basically saying to the people who wanted to invest here they'll have to pay more to invest here and they won't do it.

MR. CHAIRMAN: Resolution 12 . . . The Honourable Member for Charleswood.

MR. ARTHUR MOUG (Charleswood): I just want to make one or two remarks, Mr. Chairman, in regards to production machinery and the effect that it's going to have on laundry and dry cleaning businesses in the province, particularly those that are set in coin operated laundries and cash and carry cleaning areas. I know I rise at the risk again of being shot down by the Minister of Finance but I see as the Bill gets in the later stages that he is becoming more reasonable with the speakers. He first of all buttered up the Member from Brandon West before he shot him down so I hope he will give me that same privilege. But if you look into the coin operated areas of dry cleaning and laundry, the small businessman again is going to be hit by this tax because the coin operated dispensers they have for their soap, their machines etc. that they are putting the cleaning facility into -- that they have a fixed piece of equipment there that is very, very costly to change. They can't throw that out and pick up a new one to accommodate the five percent that they are going to pay for the supplies before they apply them to this machine for dispensation to the public. It goes gack - it can't stay there, that's one area it hit them. But on the dry cleaning where they're hit with the coat hangers, plastic bag covers, the cardboard riders; everything they buy, be it by the thousand or by the hundred or by the 24-case, they have to pass this on in increased prices to the public that's dealing with them.

So we are not looking simply at an area where the small businessman is getting hit, it's all going to go back to the consumer. They seem to think that most of this tax that is being levied by the government now, that it's the hotel, the restaurant, the laundry, dry cleaning

(MR. MOUG cont'd) . . . . area, road builders, manufacturers and processors, mining petroleum and chemical industry, telecommunications industry -- but really and truly, it's the consumer that's going to pay for it all, because there is no business can keep paying out more and more money, more and more tax into the coffers of the government if they don't pick it up from the consumer. They are worsening the position of the consumer, particularly in the coin operated, because they have to not only increase the price, they have got to throw away the machine that they're using today because it becomes antiquated, with the fact that they can't get a packet of soap that will fit in there that's worth five cents; they've got to go to 10 cents and use the same package of soap. They are picking up this tax in more level than one.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I would like to assure the Honourable Member for Charleswood that I have not the slightest inclination to butter him up, that I did not have him in mind at all when I spoke about the Honourable Member from Brandon West, and people such as he who conduct themselves in a manner which commands respect. I can assure the Honourable Member for Charleswood he's not included in my opinion in that group and he can rest assured I haven't the slightest intention of buttering him up, because I was being sincere when I spoke to the member from Brandon West and I don't want to go into any other aspect of what I would want to say.

The Member for Sturgeon Creek, I can only say that of all members across the way, I get my greatest pleasure out of reminding him that every time we have increased taxation there has been the most massive shift in reduction of unfair taxation. He may not remember, but in case he doesn't I would care to remind him, that we did indeed remove the unfair flat rate premium tax which was the most regressive tax I have ever run into. The Member for Sturgeon Creek would like to hear that because no doubt he's forgotten it and I must remind him of it.

I must further remind him that no time have we been involved in a taxation measure of any consequence without at the same time passing more money in the reduction of other taxation, so the member well knows that it is our intention to reduce the education and real property tax burden on people in lower incomes at a rate which will be substantially greater than the revenue that's produced from the Act that's before us and the section we are dealing with in particular.

MR. CHAIRMAN: Clause 12 . . . The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I'd like to ask the Minister certain questions and then after that maybe make the comment. First, will Provincial Government agencies pay the tax on production machinery they will receive? Not Crown corporations, but agencies -- Hydro -- in other words I do not mean business corporations such as Saunders, such as . . .

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I don't know whether the Honourable Member is attempting to tax my patience or not, because he himself asked me a question a few days ago and I read to him section 27 which reads, and that's of the Act itself: "Her Majesty in the right of Manitoba is bound by this Act."

Now, Mr. Chairman, is he going to ask me more questions, the answers of which I have already given?

MR. SPIVAK: Yes, I wonder if the Minister of Finance would indicate whether federal Crown corporations or federal agencies will pay the tax.

MR. CHERNIACK: Mr. Chairman, the Federal Government is not bound by our legislation. We contend that Crown corporations of the Federal Government are and we are indeed attempting and succeeding in taxing them. That's correct.

MR. SPIVAK: Mr. Chairman, of the \$12 million forecast for next year to be received from the production tax for the exemptions that are now removed with respect to production machinery, I wonder if the Minister can indicate how much of that tax will be received from capital purchases and repairs, and how much of that is anticipated to be received from lease arrangements.

MR. CHERNIACK: Mr. Chairman, we are unable to give that kind of a breakdown, mainly because there is information that we don't know. As a matter of fact, I think it was the member from Brandon West who made me aware of the fact that Transair is leasing aircraft rather than owns aircraft. Until we actually go in and investigate the books of the various companies, and so far we have not had the right to do so, we cannot give a precise answer. I am told that the estimate is as good an estimate as can be arrived at at this time. And may I say at this stage that I've not been able to find any support for the 95 million dollar figure

(MR. CHERNIACK cont'd) . . . . which the Leader for the Opposition has used in previous debates. It is one which I have not been able to locate, although he quoted the source I have not located it.

MR. SPIVAK: Mr. Chairman, now I'd like to -- and I'll quote the source again, and I must admit right at the beginning that I'm quoting the statistics that I have available to me which are 1971, and I recognize that there'll be a variation for 1972, but nevertheless they are a base on which to be able to try and project what the government is forecasting and how they are attempting to do it. I've got the Dominion Bureau of Statistics which deals with capital and repair expenditures, Mr. Chairman, and they would show the forecast for '71 of a billion 127 million, and I think --(Interjection)-- a billion 127 million. And I would suggest that we are talking about a ball park figure of a billion 200 million more or less for the forecast year or for the forthcoming year, with the normal increase that takes place. And in the course of it we have a breakdown, Mr. Chairman, of primary industry of the construction industry, the manufacturing industry, utilities, trade finance, commercial services, housing, institutional services, government departments. Now, Mr. Chairman, in order for the government to realize \$12 million from this tax, \$240 million has to be taxed at five percent. The figures that I have presented of a billion 200 million represent capital and repair expenditures, which represent not just production machinery but the actual capital construction of bricks and mortar for the various breakdowns of enterprises.

Now, Mr. Speaker, in the manufacturing area alone, even if we were successful in a great year in the coming year, it's not likely that we're going to have more than 100 or 125 million out of which bricks and mortars are included, plus machinery, for both new capital investment and repairs. So, Mr. Chairman, when the government stands up and suggests to us that there is \$12 million, we have to say to them where and how did you arrive at the \$12 million? Now let me go through the breakdown, Mr. Chairman, because I think it's important that we have some idea of what we are talking about in terms of category of items and the likelihood of a production machinery tax, five percent sales tax on production machinery having its impact in a particular category of enterprise as expressed by DBS. And then I think we can then narrow it down to the ones that could be included, and then we will see how we have to then interpret what the government has said and what the real impact will be and what they in fact were trying to accomplish.

In primary industry and construction industry, the forecast is \$215 million, 20 percent that's the construction industry, that's bricks and mortar.

A MEMBER: What year?

MR. SPIVAK: This is last year. This is 1971 that's the year I have. You obviously may have a '72 figure, but my point is I am still talking, relatively speaking, with respect to a percentage and I'm indicating that 21 percent is in the primary -- or 20 percent of the primary industry and construction industry, and that's really bricks and mortar and not production machinery and I think you could almost eliminate that. One hundred million or 10 percent more or less is in manufacturing, and I accept that that's where production machinery is going to be purchased. But that 100 million is made up of bricks and mortar along with machinery, and what the relative proportion will be I do not know, but I do know that at least a half, I would make a guess. I do not know that, but I would guess that half at least are bricks and mortar. But 100 million we can deal with, 100 million is one figure we can sort of break down and agree with.

Utilities are \$277 million. Now here we have Hydro, and here we have the proposals that the government will be spending in the coming year -- and if I'm correct, based on the capital requirements for this coming year, the government has indicated approximately \$100 million more or less that will be borrowed this year and spent this year, I'm correct with respect to Hydro -- that's this coming year. Now \$100 million again consists not of production machinery, although a portion will be, but even so between the manufacturing and public utilities we have nowhere near a figure of \$240 million to represent \$12 million of taxes we realized. Now Trade, Finance and Commercial Services are 79 million, and if I'm correct in that, they are a trade paper of the 37 million alone. So although there are commercial services who will in fact be taxed now by the fact that they are going to have production machinery to pay tax on, it is still comparatively a small amount. Housing is \$214 million, or 20 percent, and I don't think anyone will accept that housing will be paying a production tax, and the \$55 million that the government will be putting in public housing is not going to be for a production

(MR. SPIVAK cont'd) . . . . . tax, it's on bricks and mortar. The result is that we haven't got the institutional services and government departments, and that's 214 million, and only a very small portion it's my belief will in fact be paying a production tax.

So, Mr. Chairman, what I'm saying is that there is no way in which the government can rationalize the position of \$12 million being realized on a production tax on capital goods and repairs for production machinery in the province, unless the bulk of the money will be captured as a result of the lease arrangements that we discussed earlier. And, Mr. Chairman, this is the insidious part of the provision that are being applied by the government. The government retroactively is going back to times when arrangements were made by industry, by the service sector, for the purchase of goods -- and because arrangements were made by way of lease, they are retroactively going back beyond the date that the budget was announced, in the budget announcement of this tax, and they are going to be taxing on an annual basis the leasing. And, Mr. Chairman, I would venture a guess that we are talking probably of a billion dollars worth of leasing or maybe a billion and a half worth of leasing in this province. So in effect, in order to realize the money that the government is suggesting, \$12 million, they are going to by the use of a five percent tax on the leasing of production machinery in effect retroactively tax arrangements that were arrived at before this new Act was announced, the new amendments were announced.

Now, Mr. Chairman, it's been accepted as a matter of tradition that when a tax change is to take place, an announcement is made in the House by a Minister of Finance, by the government, that although the legislation itself may not be passed until later, there is a procedure whereby the legislation will be retroactive to the announcement that was made in the announcement effect -- and when in fact a tax is announced, it's accepted that we will approve in our parliamentary system the retroactivity of the Act applying back to the time of the announcement. But what the Minister is now suggesting is we are retroactively going to tax arrangements that will go back a decade, a half a decade or even two decades ago in which industry and the service sector have made lease arrangements and are now going to be taxed five percent.

There are no ways in which that I can see -- unless the Minister is in a position to indicate that the figures that we have are incorrect -- there is no way that I can see that \$240 million of production machinery is going to be taxed to realize the \$12 million. And what I suggest, Mr. Chairman, is that the government is going to be recovering a very substantial sum of money on the lease arrangements of industry, the service sector in this province, and in the course of doing that is putting an additional cost that will not in any way be absorbed by the industries -- the service industries that are involved -- but will amount and simply pass on. That's one aspect and I'll be interested to hear the Minister of Finance's comments.

The other is a rather silly argument that the government has been advancing that industry and business can pass this tax, or it can minimize the tax because of the fact that they are able to write this off as an expense against corporate profit. You are able to write this new tax as an expense against corporate profit and for that reason, there should be a minimum effect. As a matter of fact the Budget Speech said "a negligible impact on the economy". Now I wonder if we could allow ourselves to consider what corporations would be able to say if they were able to talk the language of the Minister of Finance. They would then when they announce a new change in their price schedule which will be charged to the other industries, say, well don't worry about it, you are in a position where you are going to be able to take our new price change and you are going to be able to write it off against corporate profits -- you don't have to worry about it, there'll be a negligible impact on your situation, because although we have raised our price, you are going to be able to write it off and therefore you are fortunate. That's how ridiculous and silly the statement of the Minister of Finance and the government is. The truth of the matter is that the production tax, the tax on leasing of production equipment and the lease arrangements whatever they may be, is going to be a burden that will have to be absorbed by industry and by the service sector, unless it's passed on and unless the Minister of Finance has a series of figures that can be produced which will justify it. The only conclusion one can come to is that in effect under this tax, a range of lease arrangements for production equipment by every kind of industry in Manitoba is going to be covered in this umbrella proposal, with the result that there will be an added burden, and the equivalent again I suggest of a one percent sales tax to the consumers of Manitoba.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, it would be very helpful to the House and to the people

(MR. CHERNIACK cont'd) . . . . of Manitoba, to this Committee, if the Conservative Party could hold a caucus and agree on who makes a speech about what, because while the Honourable Leader of the Opposition was out of the House the Member for Brandon West had a good deal to say, similar; and even better and more sensible than the Leader of the Opposition. During the absence of the Leader of the Opposition from the House the Member for Lakeside made a speech which covered roughly the same import as that of the Leader of the Opposition, and I don't know whether it's a stimulus they get by going out and having some coffee and coming back in again which prompts each one to make his speech. I'm looking forward now to the possibility that other members will issue forth from the hallway and make similar speeches.

Now there are different nuances. No one yet until a few minutes ago has had the gall to talk about a lease entered into two decades ago -- but the Leader of the Opposition, carried away as he spoke about leases that were years back, a decade ago, two decades ago. Mr. Chairman, what's he talking about? Well, some of the things he's talking about are of interest. For example, what exactly did the government of which he was a member and when he was Industry and Commerce, what exactly did they do in relation to -- let's say aircraft taxation for aircraft that was intraprovincial? What did they do about bringing in taxation for intraprovincial aircraft that had been entered into in leases of a year ago, a decade ago, two decades ago? What did they do? They did what we are doing only we are providing a straddle provision that's broader and more extensive. And he may be shaking his head, but he's only shaking it in amazement, I'm sure, at what they themselves did, the pattern which we are following, and that pattern was set in other provinces. That transitional burden is one where -- I think he used the word "tradition" -- which has been accepted in other jurisdictions and in this jurisdiction, forget others. In Manitoba, by the Conservative Government in 1967, the provisions for taxation other than on production machinery applied to all -- with the same straddle provisions except that we're providing a longer, we are providing a six-month delay period. And let me say in passing that the members opposite have had some effect on my consideration to the extent where I am proposing, with leave, to bring in an amendment which will make the possibility, the possibility only of extending this six-month period somewhat longer. But I'm not holding that out as being a great change but just a minor one.

Now the Honourable Leader of the Opposition was referring to DBS figures. There he is original. The other members did not. Of course he's original but he's outdated and I had difficulty following what he was saying -- I'm still not sure, about which year he was speaking. I gather it was 1971. Well he's not quite up-to-date because I have before me a copy of the Statistics Canada investment data dealing with the projection for 72 as well, which was published last March -- or released last March -- and I don't fault the honourable member for not having it. He does not have the very competent and extensive research staff that I have and . . .

MR. FROESE: Mr. Chairman, would the Honourable Minister be willing to table a copy of that?

MR. CHERNIACK: Oh, the honourable member can certainly get it. It's in the Statistics Canada Investment data released last March. It's public document, and he shouldn't have any trouble. I have a number opposite -- I don't know what the number means exactly, but the number is 61-205 and it's Page 34, it's Table 19, and it does show for 1972 a projected total capital and repair expenditure of \$414.6 million under machinery and equipment alone -- 414.6 million. For 1971 the total was 378.8 million, and it may be that the honourable member who was reading out of the 1971 figures, his was no doubt a year old therefore it was projected not actual. And the actual as I understand it is what's called preliminary actual for 1971, totalled 378.8 million -- and he's right, it's not all of it will be taxable although all of it comes under machinery and equipment.

Now, Mr. Chairman, I draw your attention, the estimate of some 12 million or so dollars is based on the 73 figure. The current year's fiscal year, 72/73 is \$7 million, and that is done on the basis that -- well if we add the 414 million, which is the total in the column, five percent of that should produce what -- some 20 million dollars. But the effect of the straddle provisions, the exemption for farm machinery . . . Is somebody calling . . . Sorry, Mr. Chairman.

MR. CHAIRMAN: The time being 9:00 o'clock -- the last hour of every day is Private Members' Hour. Committee rise and report. Call in the Speaker.

Mr. Speaker, your Committee asks me to report progress and asks leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

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

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

MR. SPEAKER: Private members' hour. Private Members' Resolutions is the first order of business.

PRIVATE MEMBERS' RESOLUTIONS

MR. SPEAKER: We're on Resolution 4 of the Honourable Member for Sturgeon Creek. The members that have spoken are the Honourable Member for Sturgeon Creek, the Honourable Member for St. Vital, the Honourable Member for Assiniboia, the Honourable Minister of Labour and the Honourable Member for Rhineland. The question is open. The question is open.

MR. SPEAKER put the question.

MR. SPEAKER: Very well. The Honourable Member for St. Matthews.

MR. WALLY JOHANNSON (St. Matthews): Thank you, Mr. Speaker. This question has been debated a great deal already but I guess we'll continue to debate it a little bit more. The past while in this session, every time members on this side bring up an example of what the opposition did in the days when they were the government, they become very indignant. They don't like it and they protest that that's not really relevant, that's not important. And, Mr. Speaker, this is a little bit strange considering that they belong to a party which is called the Progressive Conservative Party, and of course one of the principles of conservatism is a respect for the past and an acceptance of the fact that one can learn from history -- and one of the problems with the opposition today is that they haven't learned from history. One of the basic problems is that they know nothing about history.

This Resolution, No. 4 violates a principle which has been accepted in this province for almost a hundred years, and that principle was and is that all people in this province bear a common responsibility for financing the educational system in this province. Everybody. And this was established in the Legislature, it was established in the courts of this land and of the British Empire. This settled the issue that everyone in our society had not only the right but the responsibility for financing the education of the children of the province. And now the Progressive Conservative Party is going to violate a principle that has been established by 80 years of usage in this province. Such is their respect for history.

Every time we bring up precedents in other provinces, for example, every time we bring up something that's been done in Ontario the Honourable Member for Sturgeon Creek rises up in indignation and says that's not relevant. What we should be concerned about is what's happening here in this province. And do you know, Mr. Speaker, this morning in the company of the Honourable Member for Thompson and another member of our back bench, I spent a little time over at the Norquay Building listening to the hearings on CFI and, Mr. Speaker, I can understand after listening for a while there I can understand why the Conservatives want to forget about the past. Because there's a great deal of unpleasantness for them in the past. They want to forget about it. That way they feel that the people of Manitoba will forget about it. -- (Interjection)-- Yes, he like the members of the Conservative Party have a very conveniently forgetful mind. The members opposite also rise in indignation when members here quote anything from books. They accuse us of being dreamers. They say we should deal with the real world, the world of facts, practical things. From all of these reactions of the Conservative Party, Mr. Speaker, I've come to the conclusion that really we should rechristen them. Instead of calling them Progressive Conservatives we'll call them the "Know Nothings".

A MEMBER: Not very original, Wally.

MR. JOHANNSON: No, it's not very original, it was the name of a party in the United States a few years back. However, I think it fits.

Mr. Speaker, I'm speaking on this resolution because it is a matter that affects my constituency rather closely. I have a large number of pensioners in my riding; I have a senior citizens' home, Lions Manor which has 400 units and probably 500 individual pensioners living in it; I have perhaps five to six hundred homeowners -- homes, pardon me, owned by either single or married pensioners; I have probably as many or more pensioners who are tenants who are living in rooming houses, in revenue homes, in suites; and I have the CNIB residence where 50 or 60 blind pensioners live.

A MEMBER: Does Rod McIsaac live in your constituency?

MR. JOHANNSON: No, Rod McIsaac doesn't live in my constituency. The people in my constituency are people with considerably lower income than Mr. McIsaac. The resolution of the Conservative Party of the Member for Sturgeon Creek --(Interjection)-- No, Duff Roblin doesn't live in my constituency. He ran there and was resoundingly rejected in 1968, but he doesn't live there and never has. The Conservative resolution I'd like to look at using the example of the pensioners in my constituency. That resolution proposed by the Honourable Member for Sturgeon Creek would benefit less than half of the pensioners who live in my riding, less than half of them, and the resolution of course is designed to benefit the pensioners.

Now in contrast I'd like to look at some of our programs and see how they affect the pensioners in my constituency. The first thing I should mention of course is the Medicare cut. It's always a great joy for the members opposite to hear about the Medicare cut and they'd like to forget about it. Because they don't like history. The Medicare cut of course would provide a saving of up to \$104.00 a year for the pensioner couple in my constituency.

The second thing I'd like to mention is our public housing program. One of the principal things that the public housing program has done has been to provide a large number of housing units for senior citizens. In 1970, 678 units were provided; in 1972, 2439 elderly persons' housing units were either built or committed, that is they're going to be built. --(Interjection)-- No, no, in the province. In other words over 3,000, over 3,000 homes or accommodations were provided or will be provided for senior citizens in the province. Every person who moves into those units is provided with housing which is probably superior to that which he had before. And I might point out that the list of people who want to get into the housing units is growing longer all the time. At last count it was seven or eight hundred in the city and it's growing all the time. So this is a program that is very popular among the senior citizens for one very simple reason. It's badly, badly needed. --(Interjection)-- Yes, and the Honourable Member for Sturgeon Creek is opposing our providing this badly needed housing for the senior citizens of this province. He's not willing to pay to provide decent housing for the senior citizens of this province. I might point out also that every person who is provided with senior citizen's housing through this public housing program was also relieved completely of the burden of the education tax because these units don't pay the education tax. The people who live in these units, of course, pay according to their ability to pay and many of them pay as low as \$28.00 a month.

One of the objectives, in fact one of the principal objectives beyond that of providing the decent housing for the senior citizens is to stabilize rents in the low income sector of housing. This is our objective, to hold down the rapidly rising rents that have been occurring in the recent years. I'm sure that this won't please the members opposite who are great supporters of the entrepreneurs of our society. The objective is to hold down rents and this is an objective which we haven't even begun to realize in spite of the -- some of the rather stupid exaggerated statements that have been made to the media lately. We haven't even begun to realize that but hopefully we will in the future.

I'd like to just give you an example of what this sort of thing will mean. Back in 69 I recall during the election campaign, I called on one pensioner on Victor Street who was living in a run-down shabby little flat. --(Interjection)-- His name wasn't Rex Grose. This pensioner at that time was 81 years old. He lived a hand to mouth existence, he had his basic pension plus a small railway pension. He had just received a notice from his landlord that his rent was being increased from \$67.00 a month to \$88 a month. This was prior to our passing The Landlord-Tenant Act. And this poor gentleman had no way of paying this increase, this was a \$21.00 increase a month over 30 percent increase. There was no way he could possibly pay that increased rent. So his only alternative was to move out. He had to move out and find a smaller flat which he could afford.

One of the things that our public housing program will eventually achieve I hope -- it'll take time -- will be to stabilize housing prices. I don't know whether any of you saw the recent issue of the Financial Post but there's an article in the last issue of April 8th which pointed out that housing costs were --(Interjection)-- last issue that I read, I'm sorry -- this issue pointed out that housing costs were escalating very rapidly. They were escalating in the City of Toronto, Vancouver, Montreal, Ottawa. One place they didn't mention was Winnipeg, which omission I was happy to see. But hopefully one of the things that our public housing program will do is to stabilize housing prices, prevent them from rising too quickly. And it

(MR. JOHANNSON cont'd) . . . . will also stabilize assessment, and this is the thing that the senior citizen who owns a house is principally concerned about. He is concerned about the rapid escalation of housing prices driving up his assessment. If we can stabilize those housing prices we will stabilize the assessments for those senior citizens.

Another thing our government has done and I mentioned this previously is to implement the pensioner home repair program. It's an immensely popular program, it's been of great benefit to pensioners who own homes. At the same time it has resulted or it should result in very little increase in assessment, because it's geared at repair rather than improvement, and repair of course is not subject to assessment increase. The most vital thing that we have done -- and I really hate to mention this again, but the opposition members never seem to allow this to sink into their heads -- the most important thing we've done is we've carried through a number of very important and I think very effective relief programs, programs to bring relief from the burden of the education tax. The first thing we did was to increase the Foundation Program in two stages from 70 to 80 percent. This government also reduced the mill rate for farm and residential property with respect to the Foundation Program. That's another thing that the opposition doesn't very often mention.

MR. SPEAKER: The Honourable Member has five minutes.

MR. JOHANNSON: Thank you, Mr. Speaker. We carried through the School Tax Reduction Act which provided a relief on 1972 taxes, property taxes -- of \$60.00 or 50 percent of the education tax whichever was the lesser. And finally this session, of course, we brought in the education property tax credit plan which provides an additional tax relief of a minimum of \$50.00 to a maximum of \$140.00.

I'd like to look very quickly at the effect of these relief programs on the pensioners in my constituency. The homes in my constituency vary in value from about \$12,000 to \$20,000 market value. In spite of the fact that housing in my constituency is very modest, there isn't a shack in my constituency that -- I don't know if there's even a garage that would be valued at \$3,000 as given in one of the examples of the Leader of the Opposition. The housing in my constituency is modest, but the most modest one would be valued probably at \$12,000. I don't think there'd be many much less than that. The ones that are occupied by senior citizens would be largely in the \$12,000 to \$15,000 range and these would pay roughly an education tax of \$140.00 to perhaps \$180.00 a year. Now our education property tax credit plan would provide a maximum benefit of \$140.00 a year, according to the Finance Minister, to roughly 23 percent of pensioners. Now they would of course also get the \$50.00 from the School Tax Reduction Act, so they'd get \$190.00. I might add that in my constituency a far larger percentage of the homeowners would qualify for close to the maximum so I would estimate that probably between 50 and 100 percent would qualify for the maximum benefits under this plan.

Our plan also, of course, unlike the Conservative plan provides benefits for renters, for the tenants who happen to be pensioners. These of course are in most cases the pensioners who have the least financial resources. The renters would of course receive a rebate of their education taxes and most -- a great many of them would qualify for virtually a -- qualify for a credit which would cover completely the education tax they pay.

In conclusion, Mr. Speaker, -- I think I'm running out of time -- I have an amendment to move. I move, seconded by the Honourable Member for Radisson, that every word following the first Whereas be deleted and that the following be substituted therefor: Whereas "most of Manitoba's senior citizens who are over the age of 65, together with other Manitobans who are living on low and fixed incomes, have faced burdensome property taxes, one of the main components of which is for education purposes; and Whereas the Manitoba Government has introduced the Education Property Tax Credit Plan related to 1972 school taxes to provide education property tax relief to such Manitobans who are owner occupants of dwelling units or renters of residential premises in the province; and Whereas the amount of credit is related to ability-to-pay and takes into account the individual's school taxes, income level and size of family with the maximum credit being \$140.00 and the minimum generally \$50.00, THEREFORE BE IT RESOLVED that this Legislative Assembly acknowledge and commend the Government of Manitoba for its efforts to reduce the burden of education property taxes for most of the province's senior citizens and indeed for most Manitobans".

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, when this government was elected and we had a number of

(MR. CRAIK cont'd) . . . . people from the teaching profession that were elected with them and came into this House, we did expect to see a contribution to education, its finance and its structure because of the predominance of the people who have come from that background. Mr. Speaker, the last person to speak on this, the Member for St. Matthews, talked about housing, he talked about Medicare, he talked about history and how the opposition was opposed to them looking back at history. All of this just about as sarcastic as it could be, with the vitriol drooling off his lower lip. And, Mr. Speaker, it occurred to me after about five minutes that I was happy that that man got elected to this House because at least it spares the kids in the classroom as long as he's in here. I have never seen as much negative thinking about education as comes from the people on the government side who are from that profession. They haven't got a positive contribution to make. Not one of them. They're all the same and the Member for St. Matthews takes the cake. My gosh that's just about the most negative speech that has been made and the second most negative will be the next one he'll make or the last one he makes -- but they're all the same. And the Member for Sturgeon Creek presented this resolution to get a discussion going on the removal of taxation from homes.

And the culmination of his argument is a back-slapping, self-congratulatory motion that he feels is necessary to bolster the ego of the government for something that they're going to do. Well that's the only reference that got made to education. A back-slapping, back-patting, self-congratulatory message to himself and to his colleagues. And we still haven't heard, despite the fact that he didn't talk about education tax, we've never heard really anything about education. And I can remember the odd person in this House who has said, let's talk about the philosophy of education. I've never really demanded that myself because I don't think that the Legislative Assembly lends itself to that sort of a discussion except on very rare occasions. But with the background of the Honourable Member for St. Matthews in the 20-minute speech, at least he could have devoted two out of the twenty minutes, or maybe even three, to apprising the members of the Legislature -- in a manner in which he is capable of doing -- of some of the positive aspects, the developments in education and why taxation on property or other forms of taxation are justified in the interests of a good educational system. But we never heard a word about that. And there are lots of things going on in the educational system and there have been evolutions that are important and are continuing to go on in that particular field which may well deserve all the taxation that's going to them and may deserve more of the priority than this government is giving to it. Because, Mr. Speaker, education has tumbled from the lift in the interests of the present government in the field of education. And let me ask the members of the academic community opposite what they do in their caucus to defend the development of a better educational system in this province which now lies in their hands.

Well, Mr. Speaker, this government has actually done very little in comparison to former governments when it comes to developments in education. They've stood up and took credit for the building of vocational schools and other types of education, although they said very little about that, but they have taken credit for the development of vocational education and I think probably they've built one school. I think they've initiated one new school in that particularly important new field of educational development, the development of the comprehensive or composite school system. It's virtually gone flat since this government came into power. They've changed the names on a few schools; they've gone to The Pas, they've gone to Brandon, they've gone to Winnipeg, they've taken all the plaques, put new plaques up and said, this school is renamed . . .

MR. SPEAKER: Order, please. I should like to indicate to the honourable gentleman, although we are discussing education, it's education taxes not the educational system itself. I wish he'd get with the resolution. The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I respect your decision. I would point out that my comments are to a very large extent initiated by the field covered by the previous speaker, the number of topics which I have mentioned. I am speaking here as well to the amendment which in the substantive part of the amendment ranges widely and allows some latitude as well.

But, Mr. Speaker, the point I am making is that we see from people opposite on the government side with an academic background what should be a capability to stand up and either justify or not justify the expenditures for education which, Mr. Speaker, is taxes. But instead of that we get this self-congratulatory note, but almost devoid are we of any real thrust coming out of this government from any of the members about what their policies are in education, what they're going to do. Mr. Speaker, when the former government came in, education went

(MR. CRAIK cont'd) . . . . through a tremendous development. The shift first of all from the one-room school system into the consolidated, into the unitary; then the development of the technical colleges with the assistance from the Federal Government; and then the development of the comprehensive and composite schools. All of that in a period of ten years, Mr. Speaker. And this government has now been in power for three years and we have had no visible thrust in the field of education, no visible thrust. If it's there it's very very well disguised. We get a lot of mumblings. We hear the present Minister, who really hasn't had time I suppose to get his feet under him, do very little about anything but appoint a commission.

But we do have members on that side of the House who, if they had the initiative and the desire to get into political life and get into this House as educators and representatives of the people; that should be able to stand up there and tell us what the intents are of their caucus. What are they going to do in education? What are they going to do in comparison to what was done in the previous tenure of the previous government, which admittedly have proudly raised taxes in order to do that work in education. And many of the people, in fact, probably all of them, nearly all of them, were people who came into the field of education in that period of rebirth and renaissance that occurred in education following 1957 and 1958. But we hear no comment. We hear a continued and repeated reference to medicare and the medicare shift. We have heard it twice tonight. We heard it from the Minister of Finance; we heard it again from the Member for St. Matthews. The Medicare shift. A dollar shift in terms of twenty odd million dollars that was shifted from premiums on to other forms of more "progressive types of taxation". A shift of twenty some million dollars. Mr. Speaker, the cost of education in the public school system alone escalates now at probably about \$15 million every year.

The rebate system that the government has brought in makes some move towards cutting those costs. It's going to, by the words of the Minister of Finance, bring in \$28 million next year. The Member for Inkster says it might only be \$23. They don't seem to be sure what it is, but it is in the \$20 million bracket. The year after, in 1973, the present \$50 rebate disappears and that falls off. So again we are back to holding the line on the government's contributions - only holding the line on the government's contribution at a total cost of education, which again escalates at this figure of \$15 million or so a year and seem to compound each year.

So, Mr. Speaker, the amount of taxation shift that's going to occur through the rebate is not going to be the long-term solution to educational financing. Such measures as that are not the solution; the solution is - there is no good solution other than a strong grant system from the Provincial Government to the public school system, a grant system that provides the money without going through the long laborious procedure of paying a tax bill in June of one year and filing for a rebate in January or February of the next year in order to get the money back that you took out of the other pocket.

I admit that there are some gains to be made, any money that goes back into the taxpayers householder's pocket is a good move but it's a very awkward way of doing it. I suggest to you again that there is no substitute though for a very strong foundation program -- which incidentally was another of the moves which I think at that time were congratulated by the members who are now government, who were on the opposition at that time. The Foundation Program as it was established was a very strong and positive move toward financing a good system of basic education for the public school system. But rather than keep this up, they saw themselves inclined to drop it and they have gone instead to a number of different systems that are exceedingly complex solutions to a very simple problem, which is to provide an equitable amount of money into the public school system.

The Member for Sturgeon Creek in presenting his resolution did only what the New Democratic party philosophically promised during the last provincial election, which is to allow them an off the top deduction from their assessment. Which means that if it happens, Mr. Speaker, the money is not paid out by the homeowner taxpayer and he does not have to go through this six months procedure of paying it out and then asking for it back in again. -- (Interjection)-- Well if you want to provide money back into the tenants, I don't think the regulations that you would have to provide are as complicated as the regulations that are going to have to be set up under the present procedure.

MR. SPEAKER: Order, please. The Honourable Member has five minutes.

MR. CRAIK: Thank you, Mr. Speaker. From that point of view that at least the resolution presented by the Member for Sturgeon Creek would have meant that the homeowner

(MR. CRAIK cont'd) . . . . property taxpayer would not have had to pay the money out in the first place. And it does have equity in it too, because \$2,000 exemption off the \$12,000 home in St. Matthews - which incidentally is probably assessed at 40 percent of that, which would be \$4,800 - a \$2,000 exemption off an assessment of \$4,800 almost cuts in half the school taxes before they are ever paid. But if you want to compare it to a home in another area where the assessment is, probably may be \$20,000, a \$2,000 exemption reduces it only to \$18,000 and the person doesn't have his tax cut in half but has them cut by one-ninth or one-tenth. So there is equity in the proposal made by the Member for Sturgeon Creek and it's an awful lot less complicated than the government's proposal which would see the money paid out first and then collected back probably six months later after a person has filed their income tax papers.

I think also, Mr. Speaker, the Member for St. Matthews in presenting this resolution, or one of his colleagues over there, since he has been concerned about the old age pensioners in his area, has anyone looked up the statistics on how many old age pensioners are filing income tax returns -- the many, multi paged return that has to be filed each year; has this been done before you self-congratulate yourself on making this move? I know there are a great number of old age pensioners who have not for many years filed income tax returns, and is this not a very complicated procedure to get around to making a more equitable solution that could be solved very easily by a combination of a reasonable foundation program in education and an assessment deduction similar to what you proposed when you were running for election in 69 and what has been expanded upon by the Member for Sturgeon Creek.

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: Mr. Speaker, I found it rather interesting - in fact, amusing, listening to the Honourable Member for Riel speak to the amendment to the resolution presented from his side of the House. He raises the question that it's fine to talk about taxes but what about the other side of the coin? What are the people of Manitoba getting for every dollar spent on education and he is of the impression that we are silent on that. In fact, he also feels that we have done nothing in the area of education, that all the wonderful things and all the great advancement in our education program occurred prior to 1969. It was rather interesting that what to him is significant of progress, of achievement, building big schools. Now there's nothing wrong with building schools, of course we build schools if schools are necessary to be built, but that to him is the outstanding characteristic of achievement - big huge monstrosities, that's progress, that's progress; building schools, not with their own money, with Federal funds and the bigger the better, as all the vocational schools were built with federal funds.

When the honourable member suggests lack of accountability on our part, I'm sure that he will remember not too long ago, and again we are spending federal funds, building a school in Brandon, the vocational school, and it was drawn to my attention that another school is in the process of construction, coming in at about \$2 or \$2.50 less than the one in Brandon, so I asked the Brandon people why is yours costing more, you know, why can you not build at a lower cost - here's another school that's being constructed at lesser cost. And at the present time my staff and the Brandon School Division is reviewing the figures that they have obtained to see if there aren't ways and means of shaving down costs to some degree.

Now the members on the other side of the House, their attitude may be, well why not go ahead and spend the money, it's Federal money. But, Mr. Speaker, you know and I know, perhaps they don't know, but we know that it's money out of taxpayer's pockets and as a responsible government whether we're charged with the responsibility of spending money, funds raised pursuant to provincial legislation or whether it's funds the source of which may be the Federal Government, we are still responsible for spending it and it only behooves us to spend it as prudent men would.

The honourable member --(Interjection)-- yes. Now he wants some specific examples - you know, what did we do? My only regret is that the rules have changed and it's only 20 minutes that are allowed. Perhaps I will start - he did indicate, he did indicate that this is not the time nor the place to discuss philosophy of education. He's right, he's right in that. But let's just look to see what we have done with the funds, with the public's funds for education - the public's funds paid by the people that we speak about in this resolution, Mr. Speaker.

If you compare construction costs, not of schools built with federal funds but schools built with provincial funds, built prior to 1969, with the construction cost of today, and you will find that there are many that came in at \$21 and \$22 a square foot and today we are holding the line down to \$18.50. Despite the fact, despite the fact that labour costs are increasing, despite

(MR. HANUSCHAK cont'd) . . . . the fact that the cost of materials increasing, we have managed to keep the cost down to \$18.50 a square foot. Now that I suggest to you, Mr. Speaker, is accountability to the people of the Province of Manitoba.

Then the honourable member speaks of the tremendous development that occurred during their 10 years in office, when they moved from the one-room school to the school division structure, consolidated schools all over creation and so forth - a tremendous development. There's only one thing they forgot to do, Mr. Speaker. Now somebody told them that the old system, the old structure for delivering education in Manitoba wasn't practical, didn't meet the needs of present day times, and someone indicated a way of changing it, of revising it, but they forgot to make a corresponding revision within the structure of the Department of Education to make a corresponding revision insofar as the general guidance, the philosophy, the thrust the Department of Education ought to exert. Because here we have the 50 school divisions in the Province of Manitoba operating within a structure designed to serve 2,000 one-room school districts. And that is the mess, Mr. Speaker, that we have to correct today, and that was the tremendous development that the people of the Province of Manitoba received during the 10 years.

And here again, Mr. Speaker, they are talking about, to them a sign of progress is huge schools, the bigger the better. Of course, there's need for larger schools in some cases, but, Mr. Speaker, you cannot apply the same guidelines with respect to size of schools in the City of Winnipeg or in the Interlake or in Gypsumville or in Southwestern Manitoba or in Northern Manitoba. The type of school that must be built must be one that can best serve the needs of the people of the community, and not just the 20, 30 room school.

MR. SPEAKER: Order, please. I realize I must allow a lot of latitude but I would just like to indicate that we are discussing taxes and not education policy or education development. I said that to the Honourable Member for Riel, he kind of ignored it but I would like to repeat. This is private member's hour. If you want to take advantage of it, fine and dandy, but nevertheless it's still taxes we're discussing in this resolution.

MR. HANUSCHAK: I wish to thank you, Mr. Speaker, and I'll be mindful of your admonishment.

I wish to point out to you, Mr. Speaker, that in talking about saving tax dollars, there are many changes and improvements implemented which did not cost any great amounts of additional funds but nevertheless they were an improvement in the quality of the program received by the people of Manitoba; and which in turn, Mr. Speaker, benefits the people referred to in this resolution, because they are also part of our community in the Province of Manitoba. The teaching of French, the introduction of teaching second languages, Bill 71, Mr. Speaker, Bill 71 if we want to talk dollars and cents, and a means of enriching, of improving the quality of the education program without the need of spending any additional huge sums of money.

The Honourable Member for Riel speaks of the rebirth, the renaissance which occurred in 1957. I suggest to you, Mr. Speaker, that had a change not come about, that would not have been the rebirth of our education program, it was doomed for death. It was a self-destructive type of program which was then introduced. The Planning and Research Department, Mr. Speaker. Again to assist the Department of Education, to assist the School Divisions, and all involved delivery of education in the raising of taxes, in the payment of taxes, to investigate various alternative methods for delivery of our education program and find ways and means that are economical and yet are of a value to the local community.

This year we heard a lot, Mr. Speaker, about imposing cost controls on school expenditures. The honourable member's friends to the east of us are quite proud of the fact that they had the guts to impose cost controls on education expenditures in the Province of Ontario. Mr. Speaker, I suggest to you that if you were to speak to anyone from the Province of Ontario you would soon realize the bad judgment in imposing just a cost control without making any provision for exploring alternative methods, which is exactly, Mr. Speaker, which we propose to do, which we propose to do. Of course we must control costs, of course. Of course we realize that the person on a fixed income cannot contribute to pay higher and higher costs. But, Mr. Speaker, I suggest to you that we are prepared to work co-operatively with the school divisions, the boards and their administrative staffs in finding ways and means of receiving a maximum value for every dollar spent on education.

These, Mr. Speaker, are some of the points that I thought I'd draw to the honourable member's attention that apparently he has forgotten about, or perhaps he wasn't aware of them,

(MR. HANUSCHAK cont'd) . . . . and hence that prompted him to make the comments that he made earlier. Then in his concluding remarks the honourable member states that it is that side of the House that is in some way responsible for holding the line on government expenditures, holding the line on government expenditures. I presume he was referring to education because after all that's what this resolution deals with. So I hope that he wasn't referring to anything else; he couldn't have because otherwise you would have ruled him out of order, Mr. Speaker. And they take the credit for holding the line on government expenditures. The members over there who are responsible for building schools at 22 and 22.50 and 23 dollars a square foot, whereas we are building for 18, and they take credit for holding the line. They take the credit for building schools, large schools, the bigger the better. That's holding the line. Rather than, Mr. Speaker, offering the type of guidance and leadership that our education program in the Province of Manitoba deserves; a spirit of teamwork between the Department of Education and the school divisions to work jointly toward the provision of a better education program for the people of Manitoba. And coupled with that of course the question of cost, the question of financing education, and this was mentioned a number of times during this session. The increase in the Foundation grant formula, for which we were responsible, Mr. Speaker, and as I mentioned earlier, working with school division boards and administrative staffs to inquire into and find various other ways and means of keeping education costs down and yet not allow the quality of education to deteriorate. I believe that that is very important and that is what the people of Manitoba want.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Yes, I wonder if I could ask the member, on school costs, did we not hear earlier today that the costs were running as high as \$31.50 per square foot?

MR. SPEAKER: Order, please. Order. The Honourable Minister of Universities and Colleges.

MR. MILLER: In reply to the same gentleman's question this morning, he asked a question, it was about universities.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. MILLER: I wonder if the member would like to know what universities are responsible...

MR. SPEAKER: Order, please. Order, please. If the Honourable Minister speaks he will give up his time unfortunately. Order, please. Let me indicate it makes no difference whether a question is asked. If a member speaks his turn is taken up. The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, the other day I did speak on this resolution. We now have an amendment before us and I didn't have time to complete what I had to say.

First of all let me tell you that the original resolution asked for some benefit I think exempting pensioners and may I remind honourable members that in British Columbia they have a special \$50.00 additional grant to the homeowner grant of \$185.00 toward pensioners. If we had this in Manitoba certainly this would be a big relief already in itself to the many homeowners in connection with education costs. But that is not the total story. When I take a look at our educational estimates for this year it calls for \$129,479,000.00. Divided by a million people this is roughly \$130.00 per capita. Take a look at British Columbia's expenditures; they are \$441 million and if you divide this by the number of people there, per capita basis, it's better than \$200.00 per capita. So that you have a \$70.00 per capita greater payment toward the school districts and school divisions in British Columbia from the government towards education in the province. Certainly this must be a great relief to the taxpayer in that province. On top of that, as I mentioned the previous day, they already have a \$28.00 per capita unconditional grant to the municipalities whereas we have an \$8.00 per capita grant. So that here again is a greater benefit to the people of British Columbia. So I feel that we are lagging far behind when it comes to support of education from this government toward the people of this province, and that we are collecting far too much from farm property to pay the brunt of the cost of education. Certainly there is room for much improvement.

Then, too, we have some of the rural divisions, specially in my area, which are heavily populated and according to the assessment that they have it's way above let's say the City of Winnipeg or other areas where they have a much larger assessment per student. This again brings a greater burden on the people, especially on the farmers in rural Manitoba, especially in the area of my riding and I certainly would appeal to this government that this be given

(MR. FROESE cont'd) . . . . consideration and that we contribute more toward the cost of education in this area and relieve the farmer and also the old age pensioner in this way. -- (Interjection)-- Certainly I refer to Garden Valley and not only Garden Valley, Rhineland as well, and I may also add Western.

The other day the Minister of Municipal Affairs challenged that as far as Western is a unitary division. Let me remind him that one of the farmers -- and this was at an open meeting and not only one but one in particular mentioned, came outright and said that when unitary came in his taxes were reduced, but since then every year his taxes went up \$100.00 per quarter and that now they were higher than ever before -- before they'd been unitary and now they no longer have any control. This is what we need in Manitoba, we need some control so that the people themselves can control the costs and not have some controls brought down from the top down. This is where this system of the unitary system is failing. This is where it cannot succeed because we have lost the . . .

MR. SPEAKER: Order, please. I hate to interrupt the honourable gentleman but the hour is 10:00 o'clock. Adjournment has arrived. The House is accordingly adjourned and stands adjourned until 2:30 Tuesday afternoon.