

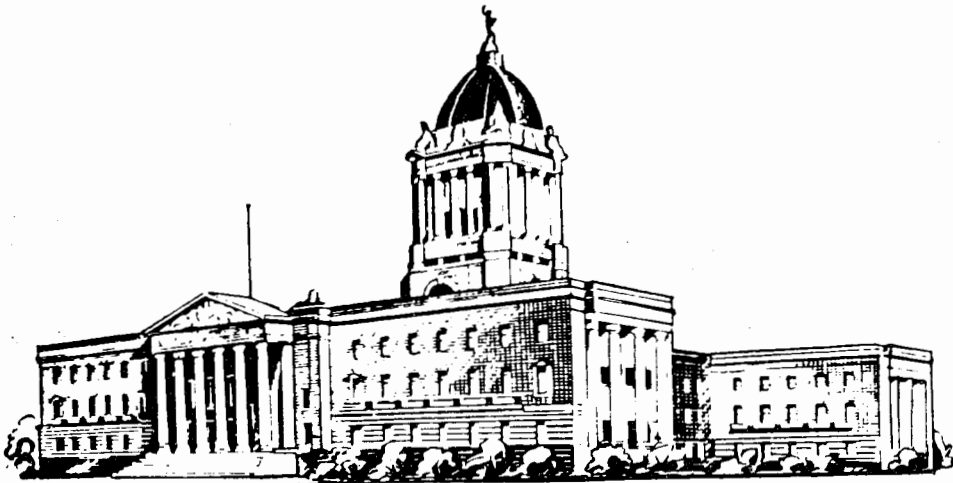


Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXII No. 132 2:30 p.m., Monday, June 16th, 1975.

Second Session, 30th Legislature.

Electoral Division	Name	Political Affiliation	Address	Postal Code
ARTHUR	J. Douglas Watt	P.C.	Reston, Man.	ROM 1X0
ASSINIBOIA	Steve Patrick	Lib.	10 Red Roblin Pl., Winnipeg	R3J 3L8
BIRTLE-RUSSELL	Harry E. Graham	P.C.	Binscarth, Man.	ROJ OG0
BRANDON EAST	Hon. Leonard S. Evans	NDP	Legislative Bldg., Winnipeg	R3C OV8
BRANDON WEST	Edward McGill	P.C.	2228 Princess Ave., Brandon	R7B OH9
BURROWS	Hon. Ben Hanuschak	NDP	Legislative Bldg., Winnipeg	R3C OV8
CHARLESWOOD	Arthur Moug	P.C.	29 Willow Ridge Rd., Winnipeg	R3R 1L5
CHURCHILL	Les Osland	NDP	66 Radisson Blvd., Churchill	ROB OE0
CRESCENTWOOD	Vacant			
DAUPHIN	Hon. Peter Burtniak	NDP	Legislative Bldg., Winnipeg	R3C OV8
ELMWOOD	Hon. Russell J. Doern	NDP	Legislative Bldg., Winnipeg	R3C OV8
EMERSON	Steve Derewianchuk	NDP	Vita, Manitoba	ROA 2K0
FLIN FLON	Thomas Barrow	NDP	Cranberry Portage, Man.	ROB OH0
FORT GARRY	L.R. (Bud) Sherman	P.C.	86 Niagara St., Winnipeg	R3N OT9
FORT ROUGE	Lloyd Axworthy	Lib.	132 Osborne St. S., Winnipeg	R3L 1Y5
GIMLI	John C. Gottfried	NDP	44 - 3rd Ave., Gimli, Man.	ROC 1B0
GLADSTONE	James R. Ferguson	P.C.	Gladstone, Man.	ROJ OT0
INKSTER	Hon. Sidney Green, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C OV8
KILDONAN	Hon. Peter Fox	NDP	Legislative Bldg., Winnipeg	R3C OV8
LAC DU BONNET	Hon. Sam Uskiw	NDP	Legislative Bldg., Winnipeg	R3C OV8
LAKESIDE	Harry J. Enns	P.C.	Woodlands, Man.	ROC 3H0
LA VERENDRYE	Bob Banman	P.C.	Steinbach, Man.	ROA 2A0
LOGAN	William Jenkins	NDP	1294 Erin St., Winnipeg	R3E 2S6
MINNEDOSA	David Blake	P.C.	Minnedosa, Man.	ROJ 1E0
MORRIS	Warner H. Jorgenson	P.C.	Morris, Man.	ROG 1K0
OSBORNE	Hon. Ian Turnbull	NDP	Legislative Bldg., Winnipeg	R3C OV8
PEMBINA	George Henderson	P.C.	Manitou, Man.	ROG 1G0
POINT DOUGLAS	Donald Malinowski	NDP	23 Coralberry Ave., Winnipeg	R2V 2P2
PORTAGE LA PRAIRIE	Gordon E. Johnston	Lib.	26-120 - 6th St., S.E., Portage la Prairie, Man.	R1N 1E8
RADISSON	Harry Shafransky	NDP	4 Maplehurst Rd., Winnipeg	R2J 1W8
RHINELAND	Arnold Brown	P.C.	Winkler, Man.	ROG 2X0
RIEL	Donald W. Craik	P.C.	3 River Lane, Winnipeg	R2M 3Y8
RIVER HEIGHTS	Sidney Spivak, Q.C.	P.C.	Legislative Bldg., Winnipeg	R3C OV8
ROBLIN	J. Wally McKenzie	P.C.	Inglis, Man.	ROJ OX0
ROCK LAKE	Henry J. Einarson	P.C.	Glenboro, Man.	ROK OX0
ROSSMERE	Hon. Ed. Schreyer	NDP	Legislative Bldg., Winnipeg	R3C OV8
RUPERTSLAND	Hon. Harvey Bostrom	NDP	Legislative Bldg., Winnipeg	R3C OV8
ST. BONIFACE	Hon. L.L. Desjardins	NDP	Legislative Bldg., Winnipeg	R3C OV8
ST. GEORGE	Hon. Bill Uruski	NDP	10th flr., 330 Portage Ave., Wpg.	R3C OC4
ST. JAMES	George Minaker	P.C.	318 Ronald St., Winnipeg	R3J 3J8
ST. JOHNS	Saul Cherniack, Q.C.	NDP	333 St. Johns Ave., Winnipeg	R2W 1H2
ST. MATTHEWS	Wally Johansson	NDP	418 Home St., Winnipeg	R3G 1X4
ST. VITAL	D.J. Walding	NDP	26 Hemlock Place, Winnipeg	R2H 1L7
STE. ROSE	A.R. (Pete) Adam	NDP	Ste. Rose du Lac, Man.	ROL 1S0
SELKIRK	Hon. Howard Pawley	NDP	Legislative Bldg., Winnipeg	R3C OV8
SEVEN OAKS	Hon. Saul A. Miller	NDP	Legislative Bldg., Winnipeg	R3C OV8
SOURIS KILLARNEY	Earl McKellar	P.C.	Nesbitt, Man.	ROK 1P0
SPRINGFIELD	Hon. René E. Toupin	NDP	Legislative Bldg., Winnipeg	R3C OV8
STURGEON CREEK	J. Frank Johnston	P.C.	310 Overdale St., Winnipeg	R3J 2G3
SWAN RIVER	James H. Bilton	P.C.	Swan River, Man.	ROL 1Z0
THE PAS	Hon. Ron McBryde	NDP	Legislative Bldg., Winnipeg	R3C OV8
THOMPSON	Ken Dillen	NDP	84 Pintail Cres., Thompson	R8N 1A6
TRANSCONA	Hon. Russell Paulley	NDP	Legislative Bldg., Winnipeg	R3C OV8
VIRDEN	Morris McGregor	P.C.	Kenton, Man.	ROM OZ0
WELLINGTON	Philip M. Petursson	NDP	681 Banning St., Winnipeg	R3G 2G3
WINNIPEG CENTRE	Hon. J.R. (Bud) Boyce	NDP	Legislative Bldg., Winnipeg	R3C OV8
WOLSELEY	Vacant			

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Monday, June 16, 1975

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery where we have 30 students, Grades 7, 8 and 9 standing of the Isaac Brock School. These students are under the direction of Mr. Diamond and Mrs. Cayhill. This school is located in the constituency of the Honourable Member for Wellington.

And we have 28 students, Grade 7 standing of the River Heights School under the direction of Mr. Kupchak. This school is located in the constituency of the Honourable Member for River Heights, the Leader of the Opposition.

On behalf of all the honourable members I welcome you here this afternoon.

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

TABLING OF REPORTS

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, I wish to table a Return to an Order of the House No. 22.

MR. SPEAKER: Any other tabling of reports or statements? Notices of Motion; Introduction of Bills; Questions. The Honourable Member for Lakeside.

ORAL QUESTIONS

MR. HARRY J. ENNS (Lakeside): Mr. Speaker, I direct a question to the Honourable the Minister of Agriculture. I ask him now, perhaps finally, in view of the decision by the Manitoba Milk Marketing Board to levy a five cents per hundred weight surcharge on the price of milk for the construction of the whey plant at Selkirk, in view of the decision, the recommendations of a dairy board to proceed with that operation, has the government now decided to proceed with the construction of the proposed dairy processing and whey plant at Selkirk?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: No, Mr. Speaker, we have yet not heard (laughter) . . .

MR. SPEAKER: Order please.

MR. USKIW: We have not yet had a--(Interjection)--Well, Mr. Speaker, I presume the members don't want the answer.--(Interjection)--

MR. SPEAKER: Order please. Order please. Order please. Order please. Let me suggest if members do wish to have a reply they will have to conform to the rules. If they don't wish them answered then they don't have to ask it, and I think it would be much fairer to the Chamber if they didn't proceed that way. Order please. Order please. Order please. I am not going to entertain an argument on that point. People who are not sincere should not place questions before the House.--(Interjection)--That's a ruling. Very well. Would the honourable member state his matter of privilege.

MR. ENNS: My point of privilege is this, that just the other day the Honourable Minister of Agriculture indicated a method and means of providing up to a quarter of a million dollars in funds to build this plant.

MR. SPEAKER: Order please. Order please.--(Interjection)--Order please. That is not a matter of privilege. That is a debate. Any other questions? Orders of the Day. The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I direct a question to the Minister of Agriculture, and would like to now ask him if he has received a DREE grant from the Federal Government to build Crocus Food.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, that is precisely the point I was leading up to in reply to the Member for Lakeside, who did not want to hear the answer. And the reply is that we have not had a reply from DREE as to whether or not the application of Crocus Foods has been approved, and therefore we are not in a position to give a definitive answer to the Member for Lakeside.

MR. EINARSON: Mr. Speaker, a supplementary question to the same Minister. Can the

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(MR. EINARSON cont'd) Honourable Minister then give us some indication as to his position that he would take with the construction of this plant if he did not get the grant as suggested?

MR. SPEAKER: Order please. The question is hypothetical. The Honourable Attorney-General.

HON. HOWARD PAWLEY (Attorney-General) (Selkirk): Mr. Speaker, I took as notice a question this morning by the Honourable Member for Souris-Killarney re the dates and places of meetings of the Union of Manitoba Municipalities. They are as follows: Tuesday, June 17th, Holland, Manitoba; Wednesday, June 18th, Morden; Thursday, June 19th, Teulon; Friday, June 20th, Elie; Monday, June 23rd, Swan River, Tuesday, June 24th, Minnedosa; Wednesday, June 25th, Brandon. I believe in all cases the meetings commence at 10:00 a.m.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Well, Mr. Speaker, I direct a further question to the Honourable Minister of Agriculture. Can he indicate whether or not the construction of the proposed whey plant and dairy processing plant at Selkirk is conditional on the successful receiving of the applied-for DREE grant?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, that is a matter of government policy, which would be announced at a time when it was arrived at.

MR. SPEAKER: The Honourable House Leader.

HON. SIDNEY GREEN, Q.C. (House Leader) (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, to the honourable members opposite, and since I'm the Minister that relates to the Department of Regional Economic Expansion, an application for a DREE grant, as I understand it, is made on the basis that the grant is required in order for the project to proceed. If the grant is not given, then the matter would have to be entirely reassessed. But you cannot apply for a DREE grant on the basis as you are proceeding, whether the grant is received or not. That is one of the conditions to an application for a DREE grant.

MR. SPEAKER: The Honourable Minister for Lakeside.

MR. ENNS: Mr. Chairman, I direct a question then to the Minister of Mines and Natural Resources. My line of questioning of course has been very straightforward and simple. I simply want to ascertain the policy of this government. Having little or nothing to do with what Ottawa does, is this government determined to build the proposed whey and dairy processing plant at Selkirk?

MR. SPEAKER: The Honourable Minister for Mines and Resources.

MR. GREEN: Mr. Speaker, as I've already indicated to the honourable member, an application for a DREE grant is made on the basis that that grant is necessary for the project to proceed. If the DREE grant is not given, then the project would have to be completely reassessed.

Now I say that to the honourable member so that he understands, and, you know, I don't think it's any different for private industry or for us, that if you say you're going to build with or without the DREE grant, you effectively exclude the DREE grant.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Thank you, Mr. Speaker. I direct my question to the Minister of Labour. During his estimates he indicated there was negotiations going on at the present time regarding the carpenters' strike, which is tying up construction in Manitoba. Can he bring us up to date on the negotiations and how they stand at the present time?

MR. SPEAKER: The Honourable Minister for Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Not precisely, Mr. Speaker. I haven't received a report today. The last I heard was that the matter was still under conciliation with the conciliation officer involvement. Some issues had been somewhat resolved. But in reply to a question I asked how - and that I'm sure is in the mind of my honourable friend opposite - how soon may we anticipate the end of the strike, the only answer - and I guess it's the proper one that was given to me - was, "It's really up in the air at the present time. It could be within a few days. It could take another period of time." But the conciliation officer is still attempting to assist in bringing resolution of the industrial dispute.

ORDERS OF THE DAY

MR. SPEAKER: Orders of the Day. The Honourable House Leader.

MR. GREEN: Yes, Mr. Speaker. I wonder if you'd please call Bill No. 63, please.

BILL NO. 63 - THE INCOME TAX ACT (MANITOBA)

MR. SPEAKER: Thank you. Bill No. 63, proposed by the Honourable First Minister. The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, we'll try again to proceed with Bill 63. We received it Saturday morning and we've had some opportunity to go through it, and many of the items in it we can handle at committee as well as here, such things as deduction of foreign income tax, principal taxpayer and spouse, foreign tax credit, and so on. But there is one of course overriding major issue in the bill, and that's the matter of the property tax rebate and changing the structure of that rebate. Mr. Speaker, we've debated this before in this House. The debate will probably take on the same sort of a tone that it took on last year and the year before as the government brought in these changes to the size of the rebate on property tax.

Mr. Speaker, we're, as we've said before, opposed to the principle of the property tax rebate. We think it's an inadequate way for government to finance the very burgeoning costs of operation of schools on the taxpayer. We find that the application of the tax rebate helps a minority of people; it leaves the majority overly subjected to the impact of the school tax on property, and therefore the bill as a whole is inadequate to handle the job that the Provincial Government has the responsibility for. That is, an adequate financing program for the public school system of Manitoba.

The government has taken the opportunity to use what was originally a relief from school tax now, and it has expanded it into other areas that include general municipal taxation in this one rebate. It also increases grants to people in personal care homes in this one rebate program. And what has happened generally is that the very basic problem of relief of school taxes is still not assisted materially with this bill, or with the new limits that are put on the rebate.

So, Mr. Speaker, in a nutshell, although we're in no way opposed to giving back money to taxpayers, we find that this bill is inadequate and in a properly financed program that this rebate system would not be possible.

Mr. Speaker, the government, you know, builds quite an argument around this rebate program pointing out that it has been instituted by them and brought about a high degree of relief. I want to point out that the system was first started in the mid-1960's by the Conservative Government, when it then, too, had an inadequate financing procedure for assisting the public school system, but after operating it for two years it established what was an adequate system under the Foundation Program in education. And it is only through the disrepair and rundown state of the Foundation Program now that this thing has had to be brought back in as a back-door means of trying to salvage what has really been, basically, a lack of good government policy with regard to the financing of education.

As I say, it helps out a minority but it leaves the majority still much too vulnerable to just plain bad policies with regard to the financing of education. And we're not going to be caught dead, even if it means appearing to this government, who would still try to make the argument out of, appearing to them to vote against giving money back to the taxpayer. But that, of course, is just about the grossest distortion that could possibly be made. What we're voting against, in this case, is just lack of an adequate government policy for the financing of the public school system. It won't suffice to say that it's being done in other provinces. Property tax structures in other provinces are different. The levels of property taxes are different in other provinces. What is really happening, you have to boil it down and look at what's happening in Manitoba. This thing has now gone on so far that it's getting increasingly difficult to ever bring about the proper restitution of the problem alone. I don't know how a government is going to get out of that. But we'll address ourselves to that problem when we get to it. We'll do it by first of all developing a foundation program for education that properly finances the school system, without going through this complicated and costly procedure of appearing to give back money that should never have been taken away in the first place . . .

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): Mr. Speaker, I follow the Honourable Member for Riel, to restate the argument, and to put it in perspective,

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(MR. SPIVAK cont'd) this bill is presented, Mr. Speaker, at a time when we have already dealt with the issue in the budget, but the municipal and city tax bills have been delivered to the taxpayer. In the budget debate we are always anticipating what's going to happen and the degree of relief that will be provided by the province through its programs to the municipal level as they levy the taxes that they require for municipal services and for the educational program.

Mr. Speaker, I would think one can say that now, in hindsight with the specifics that we now know of the tax bills that the people of this province have faced, that the contribution that has been given by the province in relation to its revenues is inadequate; that in effect the province has not been fair with the municipalities nor with the City of Winnipeg and the other cities of this province. And further, Mr. Speaker, that in dealing with the moneys that they realized as a result of the inflationary trend in this province, that they've only contributed a very small part back to the taxpayer and that the taxpayer is, in fact, going to have to pay the shot again. And this increased cost that he has to bear erodes the income that he now has, together with all the increased pricing that has occurred, and in all these costs in goods he requires for his own cost of living have made it a very difficult thing for the taxpayer and for the family to be able to make ends meet and to be able to even sustain the quality of life that they had before.

Now, the amounts seem to be significant when one looks at the figures. But when one realizes the degree of increase in taxation, one recognizes that no one is ahead in this game - everyone is a loser. And the only one that isn't a loser is the Provincial Government. The Provincial Government on its forecast - and we believe those forecasts to be understated - would rise in its provincial income tax by approximately \$44 million. In the sales tax it will rise by \$40 million. So you're going to have \$84, \$85 million in income. And what is it getting back by way of increased benefits to the actual taxpayer through all of these rebate programs? \$21 million. There's only an additional \$21 million against the \$84 million of income and sales tax revenues that have been increased. It doesn't take into consideration the other increases. And what really is happening is that the taxpayer at one level is paying an additional amount, and the kind of relief that should be given is not being given; and his cost of living is going up, and taxation is going up, and he at this point is paying more and more and more. Now, the issue whether at this point government services could be curtailed, programs could be discontinued, is not as important as the whole problem of the method, the strategy of the government and the implication it has for the taxpayers in this province. And here we have to deal with a number of different elements. We have to deal with those who are on fixed incomes and limited incomes for which this program is to give some relief in a progressive way, and one has to suggest that the progress income in this program is minimal in terms of its direct impact on those people of low income.

The second group have to be those people who are the renters in this province, who rent rooms or homes or apartments throughout this province. Now they are caught in the game, as the landlord is caught in the game, which is a very tough one for them to understand and for them to be able to appreciate. And the internal conflict that is arriving in this province as a result of it is not answered by the province talking about maybe a Rent Review Board, when in reality every landlord, because his taxes have gone up and because there is no relief to him directly, must increase rent and whose energy costs have gone up, both with respect to electricity, natural gas and fuel; whose labour costs have gone up simply because of the increases necessary for people who are working to be able to just stay in the same place they were last year; who now faces a situation where he must of necessity raise the rents; is faced in a conflict - puts himself in a position at least of a conflict with his tenants who will receive relief to a certain extent from the government but not sufficient to be able to cover the costs that he's now going to have to bear as a result of the increase. So it's not dealing properly with this program, and as a result you have the internal conflict that exists, and you have at this period of time, and you'll have in the early fall, September, a substantial increase in rental accommodation throughout this province - substantial - because their costs have gone up and because there has been no direct relief.

So the question then is the third group of people, those people who are home owners who now are paying taxes and who must recognize that they are going to be paying more and more for the services that are provided; who then look at the costs that they have to bear and then say, well, proportionately are we paying through the real estate taxation system a

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(MR. SPIVAK cont'd) disproportionate amount of the education tax? Should it not be on the provincial revenues? Who has profited more from inflation? Who has received more revenues from inflation? Who is receiving more because our income levels have gone up and we're paying a higher rate of taxation? Who has received more because prices have gone up and we're paying more in sales tax and in liquor taxes? And of course it's the Provincial Government. And one then has to say, well, has the Provincial Government provided sufficient relief? Is it really providing sufficient relief based on its income that it's received? Mr. Speaker, I don't believe it is.

I've only mentioned two taxation levels, income tax and sales tax. I have not talked about corporation tax, or any of the other taxes which have increased. Nor have I talked about the shared programs with the Federal Government and the additional amounts that have been received from them. But what I'm suggesting is, then, in the shell game that the government plays with the taxpayer - the shell game, because that's all this really is, is a shell game - he gives him back a small portion of the money he has taken away from him, and the kind of relief that should be provided is not being provided and the taxpayer is paying again and is being asked to pay and there is no control whatsoever. So, the system you know, which is just opening the tap a little bit wider this month, this year, next year it'll be open a little wider, next year it will be a little bit wider, is going to become ridiculous because the day will come when the Provincial Government is going to give a thousand dollars to everybody as a minimum and his taxation will have gone up \$1,200, \$1,300, \$1,400. You know, I mean this is the ridiculous proportions that we're going to get in time if we continue on this game. And realistically, Mr. Speaker, you know, it comes to a point where it'll become just plain silly to continue on. We do not believe that the degree of progress activity in terms of those people who cannot make it is really served or really occurs to assist those people who are on low income. And we believe that if there is a situation in which government involvement's required that it be done directly instead of the convoluted way and the costly way that this has been undertaken. We do not believe that this is in any way meeting the needs and concerns of people. We believe that the education tax essentially has to receive a greater contribution from the province who has profited from inflation, and whose revenues have achieved its highest level and its highest percentage increase in the history of any provincial government in this province. And that's a very important thing, Mr. Speaker. The revenues of the government with respect to income tax have risen higher than in any other year in terms of percentage increase; the revenue of sales tax has gone up higher in percentage than any other year in provincial history. And the kind of relief that is being given is minimal and the program itself is not meeting its needs, and Mr. Speaker, there's no way in which we can support the continuation of this kind of shell game. We are not in any way going to try and block relief being given back to the taxpayer who has already paid in, he's entitled to get back what he paid in.--(Interjection)--Yes, but he's not getting it this way, he's only getting a very small proportion of it. And the question is whether it should have been taken in the first place.

Mr. Speaker, we say this, that the continuation of this program is an attempt to fool the people of this province, and Mr. Speaker, they are not being fooled. They are not being fooled by the tactics of the government. They are not being fooled by the actions of government, and they know better. They know what's happening at this point, and they know that they are putting more and more money into the hands of that government and they're getting less and less back in relation to relief of some of the programs. As a result, they are paying at the municipal level, a higher and higher proportion of taxpayers - the people whom the government is trodding on is the group to help; those in the lower income levels are the ones who are suffering and suffering greatest. And as a result, Mr. Speaker, this is just a continuation of the same kind of sham, we suggest, that the government somehow or other is acting like Big Brother and the Godfather to the people of this province by providing them some relief and that the people should be thankful and should accept that generosity from the government - as if it is something that is not coming to them, and it is something that they are entitled to receive just as a matter of course.

The fact is, Mr. Speaker, that government's revenues are up unbelievably and they are giving a very small amount back to the taxpayer, and the taxpayer on the municipal level is going to be paying, and has been paying, and is paying this year, an excessive amount in increased municipal and educational taxes. And the relief that's required is a direct and

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(MR. SPIVAK cont'd) further contribution in the educational field to eliminate this specific growth in that area, and to be able to provide in real terms relief for the taxpayer, direct relief; and relief which would be beneficial and which would assist the people in trying to make ends meet at a time when the economy is in the inflationary spiral; and when the sheer difficulty of being able to basically maintain the standards you had before means that it's severe, and it means that you require substantially more money just to be able to afford what you had before. The government has contributed inflation and is still contributing to inflation. It should have reduced its programs and it should have provided greater relief and it should have taken care of the areas, particularly in the educational tax - and Mr. Speaker, a government could have done that if they would have set targets and limits to their spending. This government has not. It hasn't demonstrated in any of the things that have happened this session in respect of its budgetary matters and the matters that have come before the House, it has not expressed or shown that restraint. And as a result the taxpayers are paying, in higher income, higher sales tax, higher users' taxes, and in turn higher gasoline tax - and Mr. Speaker, in spite of the so-called relief from the Provincial Government, they are paying a higher municipal and higher educational taxes.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed let me direct the attention of the honourable members to the gallery where we have 15 students from Grade 4 to 9 standing of the Ilford School under the direction of Mrs. Wilson. This school is located in the constituency of the Honourable Member for Churchill. We welcome you this afternoon.

The Honourable Member for Sturgeon Creek.

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MR. F. JOHNSTON: Thank you, Mr. Chairman.

MR. SPEAKER: Order please. What's the problem?

MR. GREEN: Well, Mr. Speaker, I certainly recognize the right to select in that way, but we have had two people of one party and a third person has attempted to get up. I'm not going to challenge your recognition, but I believe that there is a certain procedure in the House that should be followed. We have had two people in a row from one party, a member of another party has arisen. --(Interjection)--Mr. Speaker, I wouldn't even ask you to withdraw that. I would almost ask the Member for Sturgeon Creek to allow the Member for Assiniboia to proceed so that it's not a reflection on you having chosen in that way.

MR. SPEAKER: The Honourable Member for Swan River on the same point of order.

MR. JAMES H. BILTON (Swan River): There is a time-honoured custom of catching the Speaker's eye and probably that happened in this case.

A MEMBER: That's right.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: On the same point of order, Mr. Speaker, to satisfy the government side and the House Leader, I would be willing to defer to the Member for Assiniboia and speak after him. (applause)

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Thank you, Mr. Speaker. I thank the Member for Sturgeon Creek for allowing me to speak. It didn't matter too much if I was ahead of him or after him because I'm not going to be that long. But I wish to rise at this time and say to you, Mr. Speaker, that I intend to support Bill 63, An Act to amend The Income Tax Act. At this time I would like to say that the property tax in Manitoba is such a serious nature at the present time that any measure or half measure is better than no measure at all, and for this reason I wish to support the measure that's before us at the present time - because really, it is a small measure. --(Interjection)--Somebody says it's a half a loaf, and I'd say half a loaf is always better than no loaf.

Mr. Speaker, we know that the bill now will have a minimum tax credit of \$175 per every property, and 300 maximum - and at this time I know that one measure that this tax credit does really give a considerable amount of help and assistance, is to one group of people, and that is the senior citizens. As I understand it at least 80 to 85 percent of the senior citizens in this province will get almost total education tax removed from their property, and even

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(MR. PATRICK cont'd) in that one area alone I'd say that I would have difficulty not supporting it. I think it is a worthwhile measure in that one respect.

However, I am not prepared to say the same for the balance of the people. But you may recall that for the last 10 or 12 years I have always had a proposal before this House to reduce or remove at least \$2,500 or \$3,000 of assessment for our senior citizens. And that was debated when we had the Conservative Party in government at the time - and when the government switched, I still proceeded with that same measure that had removal of a certain amount of assessment which would have removed the educational part of expense from that property, which I thought would be at least some measure. This is a type of legislation that has been enforced in some jurisdictions in the United States. So I thought that we had to take a measure in this area, and when the bill was introduced and it first came into this House I was quite happy, that it would do at least a great deal for our senior citizens.

Now the other area, Mr. Speaker, that I am somewhat concerned - I know that for many other people with higher incomes that the maximum will be \$175.00. I don't feel that we have come to grips with the problems of property tax, because what is really happening in this province and maybe some of the other provinces is - today a report came out, a study in the Globe and Mail, where it indicates that there will be a very serious shortage of housing; there will be a very serious shortage of apartment blocks, or suites in apartment blocks, because of the reason that there's no return on investment in buildings, say, apartment units or houses - because the rent even for a single one-bedroom apartment, the rent structure on the new construction today would have to be - which is a bachelor apartment - would have to be in an area of \$300.00. So what is happening, that expense is so great that the private developers will not go into development of housing, will not go into development of apartment units - not only in Winnipeg, but anywhere in Canada, because the property tax and the other property expenses are just too high for any return on investment. And it was only this morning that news item came out. So I think that we have to look very seriously, very seriously as far as the return on investment is concerned in our housing, because I still think and believe that we will have to resort to private development for many of our housing and apartment construction to give any kind of an initiative to private industry to get going and develop enough apartment units and housing accommodation. I think that there must be a return on capital, and there's no return on capital investment. The situation we have at the present time in housing shortage will become much worse. So I think that's an area that the government has to come to grips, I'd say anywhere, anywhere in Canada, so this is a very serious matter.

Now I know that the minimum increase was some \$50.00 for the people in the minimum tax credit, so it went by \$50.00. At the same time, I'd say that many people that are in the higher income bracket, have an assessment of \$10,000 or \$12,000, their tax went up somewhere between \$175 and \$200. So if you take a net - is it \$50.00 credit? - your tax is still 100 and some dollars up per house, which to me is a considerable increase and I think it's too much. My attitude is, and my feeling is, that it won't take long for us to start making it impossible for people to live in their own houses, because the cost is just too great. I mean, if you have to pay a mortgage interest and then on top of that you have to pay \$100 property tax, it becomes somewhat unbearable and very few people will be able to afford it. I'd say the point is that the pride and privilege of home ownership will start to disappear, Mr. Speaker, and I know that many of us, municipally, the politicians, provincially and federally, have prided themselves that Canadians have the highest percentage of home ownership, and that is very fast disappearing, not only in this province but disappearing in Canada. And I think it's unfortunate, because to a great extent I blame - and perhaps I'm as much to blame as anybody else - the provincial, municipal and federal politicians, because we've made it pretty costly.

You know, the land which only five years ago you were able to buy a serviced lot for \$5,000, no more than six years ago, today that same lot is \$18,000, and \$15,000 or \$16,000 in 50-foot lots, serviced lots, and in not what you'd call the best area of your residential area in Winnipeg. I would say in an area that's developed, and probably it's got some older houses, you have to pay \$15,000 to \$18,000 for a lot, a 50-foot lot, and in areas in perhaps a little higher income bracket in Assiniboia, south of Portage, the lots are selling anywhere between \$18,000 and \$25,000. So there is a real serious problem as far as this matter is concerned. On top of that, we've put on so much sales tax, the property and the land is so expensive, and now the tax is going to be so high, so I'd say that we're making it completely impossible for

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(MR. PATRICK cont'd) people to enjoy this high percentage of home ownership that we have all prided ourselves on for many years.

But with these few remarks, Mr. Speaker, I accept that this measure is maybe a half measure, but I would like to say to the House it's much better than no measure at all. And again let me repeat, I think the people who will perhaps receive the greatest benefit is the senior citizens who, to my information, some close to 75 or 80 percent are receiving the biggest portion of their education tax almost totally removed from their property tax. So I think it's a measure that we can support. I'd say it's good. I repeated it about four times now - I hope that the First Minister is listening - that it is the best measure in this bill - which I appreciate and I think it's in the right direction. The only thing that I am concerned, that it doesn't do very much for the rest of the people and it's becoming very difficult for the rest of the population to enjoy the pride of home ownership, because the tax is getting too high. And - well, somebody's saying from his seat, "the broker's fee." Well, I wouldn't know about that, Mr. Speaker, because there isn't that many sales around because the price and the market is just too high. That's what's happening.

But, Mr. Speaker, the government did have a \$50 million surplus last year and they had an increase because of inflation, increased revenues from the sales tax and increased revenues from the corporation tax and personal income tax as well. And I would have hoped that they would have put much more of this surplus and the other inflationary revenues into property tax, and really, I think, it would have been a good cycle, and what would have happened would have been a shot in the arm for the construction industry and I think that the people will start looking, saying, "Well, I want to own a home. I want to buy a home," because it's still feasible. If the tax can be within \$500 and \$600, I think - and \$700 - you know, people will appreciate and want to own a home, but once you get it where in many areas it's \$1,400, \$1,500, and, like my own, it's close to \$2,000, but maybe my home is larger than many others. But I know it's only a few years ago when the taxes on that same house were only \$575 and today it's somewhere between \$1,700 and \$1,800. So it's a substantial increase. But all in all, Mr. Speaker, I say the bill is not a total solution to our property tax in the province, but I can't help but support it and say that it certainly brings a relief, a measure of relief to many people and a measure of considerable relief to our many senior citizens, and approximately, I understand, somewhere between 75 to 80 percent of our senior citizens. So I do support the bill.

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Thank you, Mr. Speaker. The Member from Assiniboia has stated that the bill would be of great assistance to senior citizens, and I would refer him to the policies of the Conservative Party to eliminate education tax on home owners over 65, which we would do without batting an eye. We'd also lower taxes in this province. So, quite frankly, I fail to see how the member of the Liberal Party, or the Liberal Party, can support this legislation when I look at my Votes and Proceedings and find that they voted against the budget. You get a Party who says they don't agree with the budgeting of this province, and then they turn around and they vote for a policy which is an inadequate financing system in this province. Quite frankly, it only boils down to this, that a vote for the Liberal Party is a vote for the NDP, not because we're the majority Opposition in this House, because they believe in the policies of that side. It's fairly obvious, because we've seen it happening during this past week and a half, that you can talk against anything in this House and be hypocritical and then vote for it.

Mr. Speaker, I originally rose, I originally rose to point something out regarding the Tax Credit Plan, which I'll point out now. In 1974 the Tax Credit Plan administration costs were \$217,800. In 1975 they were \$450,000, and in the 1976 budget they are \$790,000. Now if you've got a plan operating when you were spending \$217,000 and all you're going to give back is a little more money, is it going to cost double what you paid out in 1974, to pay out the same or a little bit more money in 1976? Have you not got the system set up? Is it going to cost another \$400,000 to produce the same system? --(Interjection)-- So we talk about the tax credit plan.

Mr. Speaker, I intended to be brief before and I intend to be brief now. In 1974 the education property tax credit plan cost \$217,000 - \$80,000 was salaries, \$136,888.74 was administration. Mr. Speaker, do you know what advertising was in that \$136,000? The advertising was \$87,894 - to advertise the philosophy of the NDP government. You know, you take the money from the people and you say you're going to give it back to them, and you spend

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(MR. F. JOHNSTON cont'd) \$87,000 in advertising - and the Member from St. Johns is going to bring out his paper - is going to bring out his Ontario paper and hang it in front of his desk, and he's going to say, "That's what the Ontario Government did. They advertised." --(Interjection)-- You see, that's what he's done for the past three years. But Manitoba's a million people, and we pay out - we pay out \$87,000 of the \$136,000 in advertising on the tax credit plan. And, Mr. Speaker, 87,000 wasn't - that's bad, that's real bad - but when you look at the next line, it says Publications, \$23,701. Mr. Speaker, what kind of people do the government on the other side think we are, that we can vote for the taking of people's money on the basis that you're going to give it back to them? And now in 1974, you had nearly \$110,000 spent on publications and advertising. And now we've got \$790,000 to administrate this plan. Why did we increase it? Is it so hard to change your computer to, say, 150 to 175? You know, I've seen guys change those digits fairly easily, take one man, yet we increase it - we increase it by \$450,000 in one year to administrate this tax credit plan. And it is probably the worst form of financing that's ever been done. I have said in this House before, Mr. Speaker, that the Conservatives tried it, and we learned that it didn't help the public one bit. But this is a government philosophy, of we know what's best to do with your money. We'll take your money from you because we don't really think you know how to handle it, and we'll spend it the best way we think possible, on \$87,000 worth of advertising - is part of your expenses to operate the plan - and you really believe, you really believe that anybody with principles would vote for that? I'm afraid I can't. And my principle says, the money belongs to the people. We'll operate the government for the people the best way we can, and we'll leave all the money we can in their pockets and we won't come out and blow it on an administrative plan with a pile of advertising. And, Mr. Speaker, I don't have to kid around. I'll guarantee - I'll guarantee there'll be publications and advertising to the tune of more than they spent before - and that's really not what I came here for when I was elected here by my constituents, to vote for this government wasting their dollars like that after they take it from them.

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

MR. GEORGE MINAKER (St. James): Thank you, Mr. Speaker. I'd like to make a few comments at this time on the bill. I wasn't going to speak on it - until following the comments of the First Minister at the finance estimates in committee today, he made reference to a table in the Budget Speech recording - I think it was Table 1 on Page 76, when he answered the question of our concern about the increased tax that was being paid by the people of Manitoba, and he pointed out very well that if we looked at this particular table we'd see how the tax credit plan would be giving greater rebates back to the taxpayer - and I very quickly scanned it and I thought that something was wrong here. I couldn't quite figure it out at the time, so over lunch-hour break I thought about it a little more, and I realized there was one thing missing in the First Minister's explanation, and that was we were comparing growth income but we did not assume that the individual got a raise. This was the one factor that was missing when we talked about it, or at least the First Minister talked about it.

So I took another look at it and unfortunately I didn't have time to spend - more time - working out calculations and so on. But I thought, well what would happen to an individual who was married, has two dependents as this table shows, and got the average increase that the taxpayer received, if he was in the labour force last year. And going to the budget book, I looked at where the average labourer last year received about an 18-1/2 percent increase in salary. So I tried to calculate out an average income for the labourer, and it's somewhere in the vicinity of about \$10,000 a year. So I assumed that the Minister would probably accept if we compared - what would happen if somebody who earned \$10,000 a year last year in 1974 got a 20 percent increase and went to \$12,000? What would happen to that individual? Because this is what we were trying to explain to the First Minister, the impact that taxes are having on these people right now. So I took a look and I found out that if that individual last year earned \$10,000 he paid \$492.00 in provincial income tax. Now, if he got the 20 percent increase and went to \$12,000 this year in 1975, he would now pay \$633.00 provincial income tax. It ended up that his income tax, provincially, had increased by \$141.00. Nothing's changed except that the inflation of our times has all of a sudden dug into his pocket. So then we looked at the credits that individual would get. And last year when he was earning \$10,000 his credits were \$209.00. Now this year when he got his 20 percent increase his credits rose to \$276.00, which meant all of a sudden he was getting a \$67.00 increase in credits, but lo and behold he was now

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(MR. MINAKER cont'd) paying \$141 more in provincial income tax. And not only that, if we consider what other income tax he's paying - and I would not hold the provincial government responsible for that - but if he's paying \$141 more in income tax this year, that he's obviously paying another \$377 in federal income tax. So the person got his increase because of inflationary times, but all of a sudden of that \$2,000 increase he got - the 20 percent increase - he's paying \$511 more in income tax, federally and provincially, and getting a \$67.00 rebate.

This is what we're concerned about, Mr. Speaker, that this tax rebate system hides what's actually happening. Because the individual gets that big increase, it appears to be - and it appears that the Provincial Government's giving it back to him in this tax credit plan that they have, but they're not. So I thought, well, let's see what happens to an individual who's single, the average guy who does not have a family, isn't married, is he any better off? So I looked at what happens to an individual - again Table 2 on Page 78 of the Budget Speech presentation of this year - and I found out that last year an individual, single, whether a female or a male, paid \$705 in provincial income tax. Now what happened if he or she got a 20 percent increase this year? Then she would pay \$877.00 in income tax this year. There again, we had an increase of \$172 in provincial income tax. And what was the rebate that single individual would get? Well we looked at the table, last year at \$10,000 the rebate total credit was \$170.00. Then we looked at - well what would be the rebate this year at the \$12,000 that she earned or he earned, and we found out it was \$201.00. So there was a total increase of \$29.00 in credit, yet lo and behold she'd been taxed another \$172 more than she was last year. And further to that, if we applied the federal income tax that she was paying, it's another \$405.00. So you could see what's happening - the individual ends up paying another \$577 in taxes, but they've got \$29.00 more back on the rebate program.

So, Mr. Speaker, this is why we find it difficult in supporting this type of a program, because it hides what's happening - because out of that increase, the 20 percent that the individual got, over 25 percent of it's gone for taxes. Then what else is gone, and where? A sales tax is increased, not in percentage, but if the dollar value goes up on the item that the individual is buying, then obviously he or she is contributing more out of the sales tax coffers. This is what's happening to the individuals - that we cannot support this kind of a rebate program, because obviously it's hiding what's actually happening to the individual, whether he be the bread-winner for a family of two, or whether he be a single or she be a single individual trying to live in this province. This is why we cannot support this type of a program, and I hope that the First Minister will review those tables and see the point that I'm trying to make that, you know, it looks fine if you put down part of the detail, but when you start to compare what happens from year to year, it's not as pretty as the picture that we have painted for us - and we hope that the government will reconsider this type of a program next year.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Well, Mr. Speaker, I would like to say one or two words on the bill before us - first, I think, to respond in some part to the somewhat aggravated and extravagant statements made by some of our friends to the right, the far right, as well as to make some comments on the bill itself. I think that as one goes through each of these pieces of finance legislation, you have to make some choices as to the efficacy of each of them and who in fact they're going to help, who they're going to hinder. I believe the position of this party was well stated in the Budget Address, Mr. Speaker, where we felt that the total budget of the Provincial Government was an inadequate budget because it did not in any effective or creative way deal with the economic problems of the province in terms of the kinds of instruments, the kinds of tools that were available to the Provincial Government; and we spoke directly to fields like housing and transportation, in manpower training. I would only like to say, Mr. Speaker, that in a sense, the wisdom of our course was in part substantiated last week when the Economic Development Advisory Board concluded in many respects that these were also major problem areas that could be effectively cornered by a Provincial Government and responded to, and that the response hadn't been made. We feel that the capacity and ability of any provincial government to affect problems in an inflationary period are limited. They are certainly not able to provide a total impact. Those are far beyond our course of action. But there are two things a provincial government can do. First, they can begin to ease and abate the burdens of an inflationary situation; and secondly, they can begin to, in a rifle target way, pinpoint specific areas where there is a shortage of supply, where there's a bottleneck in

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(MR. AXWORTHY cont'd) productivity, where there is a holdup in the application of more effective means of solution. And our response for the edification - although I'm not sure he ever wants any - of the Member from Sturgeon Creek - is that that was our position in the budget. It was not a satisfactory budget from a budget point of view because it did not in any way encompass a total approach to trying to pull together both an inflationary and recessionary situation. But at the same time, we felt that it is essential and is important that in times when costs are going up, to ensure that in fact there is some easing of the burden, some cushioning of the effect of inflation - and that is why, Mr. Speaker, we support a rebate program. It is the one element in the budget that was supplied that cushions the increasing burden of an inflationary period. And for this group to stand up and say, "We're against it on principle," you know, it just shows that once again they're kind of cowering in that sort of right wing foetal position - is that 'let the rest of the world go by' as long as we're playing our own little drum and listening to our own music, it doesn't matter what the impact is. And so trying to paint the world into these kind of extremes of black and white or red and yellow or however they see them, is wrong, because the real importance of someone sitting in this House at this time should not be to be so concerned and so preoccupied and so obsessed by sort of the gazing at one's own sort of historical idiosyncracies that go back a hundred years, but the problem is to ask yourself what can you do to begin trying in whatever way possible to ease and abate and soften the very serious effects on groups of people in this province who are suffering some heavy problems of coping with increased rents and food costs and transportation costs.

Well, Mr. Speaker, we don't say that a property tax rebate system is a total solution, quite the contrary; but it is a solution, it's a partial solution, it's a solution that's been adopted by the Province of Ontario, British Columbia, Saskatchewan, and is being used by other provinces. Because it is some way of transferring income, of redistributing income that one raises through the income tax, and turning around - because those who are able to, because they belong to an organized union or because they're part of a salaried operation in a large corporation or business company, are able to cope with inflation to some degree. Because they can demand a 15 or 20 or 25 percent salary increase and usually get it, and it's through the use of the income tax instrument that you can take some of that and turn it back over to the groups of people who can't absorb it, the person who's on a pension, who's on a smaller income, who is an unorganized worker. So there's some way of turning the money back in, and if the Member from Sturgeon Creek can't see that and doesn't care about that, then something is fundamentally wrong with the approach taken by the Conservatives. Because if they can't realize that at some point the tax instrument must be used also as a way of trying to balance out and even out the burdens and providing some sort of shaving of those questions, then my God, we're back, you know . . . I said it in an earlier speech when the Leader of the Opposition said that he'd given up on John . . . I said, but he didn't have to go back to Herbert Hoover - and I think that's exactly what's happened in this session. We've now seen an undeniable sort of placement of faith in the economic wisdom of Herbert Hoover or R. B. Bennett sort of now becoming the standard there for the Conservatives in this province. You know, Calvin Coolidge just didn't say anything - they're too noisy, Calvin Coolidge would feel out of step with them because they make too much noise, he just didn't say anything. But you know, you have to deal with realities the way they are and the realities of the situation are, as my colleague from Assiniboia pointed out, the people are facing 20 and 30 percent increases in rents and 15 and 20 percent increases in food costs and 20 and 30 percent increases in property taxes and utilities - and to simply say, boy, we're going to stand up and say, "No help for anybody," and, you know, go down flags waving, you know, is the same kind of thing that old R. B. Bennett used to pull: "Boy, we may be in the midst of a Depression, but I'm not going to change my economic theories" - and that's exactly what we're hearing from the Member from Sturgeon Creek. He's the reincarnation of R. B. Bennett - you know, we've seen a miracle. And, you know, I would suppose that some people would take pride in that. I suppose as a member of the Conservative Party who loves to take pride in tradition, then he can carry around that. As the Minister of Mines often says - we give him full credit, you know - stay true to that image and, you know, sing Hallelujah to R. B. back in the caucus. But the fact of the matter is that in 1975 in the Province of Manitoba, you are having to cope with an economy which is turbulent and volatile and which is particularly damaging to certain groups of people in this population, and that one of the ways - and we simply say that the cushion is getting very thin, that the use of a rebate system has a

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(MR. AXWORTHY cont'd) validity but it can only be carried so far. It only has a limited amount of utility from this point on. Because I think that once you reach a point, you can't continue adding and aggregating it. And the position that we have always taken is saying that while we're in part gaining some relief through the rebate, let's begin applying our intelligence to try to establish ways and recourses to solving the problems as much as we can.

Mr. Speaker, this is where we do come down in very serious criticism of the government, because I don't think that when they have proposed the solutions which they have offered in terms of dealing with the problem of increased demands on the municipal level for goods and services, that the kind of response has been as effective or as generous as it should be, because there are a couple of facts of life. First, if you look at the problem in the municipal areas, there has been no area of government where the demand for expenditures has been more intense. And yet, Mr. Speaker, the ability of the municipalities to command a growing aggregating revenue is limited, and I think that this is demonstrated very well, Mr. Speaker, if you look at the 1975 Economic Review put out by the Department of Finance. They point out, I think, a very important fact which is this: That in 1964 - or we can take the figure, if you like, of 1965 just to give a ten-year span - I'll use 1964 figures; that the total percentage of government revenues spent - and this is after transfer grants, I want the First Minister to note, this is after transfer grants - expended by the Federal Government was 48.6 percent; by the provincial governments 27.3, by the municipalities 24.1. This was revenue. In 1974, ten years later, the federal proportion had fallen to 44.3, the provincial government had risen to 36.6, and the municipal had fallen to 19.1. So what has been happening in that period of time, Mr. Speaker, is that while the demand for expenditures on the municipal level has been growing, their capacity to command revenue at the same time has been declining. And that's one thing that you really have to be talking about seriously in this day and age, is an effective program of revenue sharing, of redistribution of government revenues to match income problems.

Now, Mr. Speaker, the Minister has said that the proposal made in the Budget Address about giving tax points back to the municipalities is not really a revenue-sharing program, because revenue sharing is a way of saying we're going to take the same pie and cut it up differently. What the First Minister is saying in his Budget Speech is that we're simply going to permit or enable the municipalities to add additional tax points. We're not going to be giving up our revenue when you're going to be giving them the permission to give tax . . . Which really isn't a sharing program. --(Interjection)-- Well, it was both but I think the major emphasis was on the permission.

Now, I agree with that. That makes good sense. But it still doesn't provide that fundamental of revenue-sharing which is to somehow get more revenue back into the City of Winnipeg. Because I think if you look at the 1974 budget, City of Winnipeg, which is around \$200 million, about 80 percent of that is for personal services, wages, salaries. And in fact one of the aspects of that is the Provincial Government derives a substantial amount of income tax revenue from those increases, so that every time the municipality must increase, as it does, about \$40 or \$50 million each year in municipal revenue, then it means of that proportion, 80 percent of it, is salaries and the provincial income tax and the federal income tax applies to it. So a lot of the increased municipal expenditures is being creamed off back into provincial and federal treasuries, in coffers.

So we're simply saying, should we not be looking at ways of recycling that money back in more effectively? Because if, in fact, they are going to have to increase those expenditures, then at the same time we would point out, as my colleague from Assiniboia pointed out, that if you take a look at the reasons or the factors causing the increased rents, 30 percent of it can be directly attributed to increase in property taxes and utilities, and that the rebate itself on the basis of someone on an Old Age Supplement pension, the additional \$75.00, if their rent is going up \$300 or \$400 of which 30 percent is directly derived from property tax and utilities, you can say then that of that \$300 to \$400 increase in rent, close to over \$100 or \$125 is directly attributable to property tax or utilities. So that \$75.00 doesn't even cover that additional portion of rent increase that can be directly traced to the property tax utility inflation.

So we're saying we want the rebate with it. That is why my colleague again introduced, earlier on in this House, a resolution asking for a \$300 basic income for a senior citizen, because that is the group of people that are being hit hardest. And I think you can trace the same kind of analysis down into other income brackets and other income groups. And that's why,

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(MR. AXWORTHY cont'd) Mr. Speaker, when it comes down to it, we say that the rebate is a partial program. It has some softening, cushioning effect but it doesn't get to the core of the fact that the basic federal-provincial-municipal revenue expenditure program is highly scrambled and is being created in terms of a kind of a little bit of a ramshackle structure. That's what we have asked in this House several times when we get down to the business of rationalizing, particularly between federal-provincial revenues.

There is now a major study going on, the Deutsch Commission, set up by the tri-level people to look at the whole problem of federal-provincial-municipal revenues. We think that as a companion piece of that we should be doing the same kind of thing in Manitoba, so that while the Deutsch Commission is looking at things in a national sense, we should be doing a companion piece provincially, and not looking just at issues of the direct transfer of funds from provincial to municipal. We should be looking, Mr. Speaker, at things like the impact of a property tax itself. Because as we add increasingly, or expect the municipalities to use the property tax as a revenue source, then we find out that we distort badly, for example, the landmark in this city; that one of the reasons why the City of Winnipeg sort of stands on its head in order to try to get more development is because they see development as a way of trying to partially keep the mill rate down. And as you could begin to ease the pressure off the property tax, and even begin to alter the form of taxation to provide a different level of assessment based more on the land use rather than what is on the land, then you might begin to find that you begin to dilute or reduce the pressure for development which is oftentimes damaging and oftentimes distorts the revenue picture; that oftentimes the City of Winnipeg distorts its own priorities in spending because it feels that it's got to keep kind of racing on a treadmill to get more property taxes because that's its major base. Until you start reducing that . . . and I'm surprised; I've heard the Minister of Mines and Resources, if there is any one reference book he has used inordinately, it's been Henry George. And Henry George's, of course, great claim to fame was talking about land value tax. And I think that the City of Cleveland now has a graduated land value tax. It's being applied in places like Australia. So what we're just saying is that here is another area of property tax reform we should be looking at, because the other thing that the property tax presently aggravates is the whole question of the rehabilitation and remodelling and renovation of older blocks. The First Minister announced on Friday a \$2 million program for renovation. A much more effective way of doing that would be, again, if you were able to provide sort of a certain incentive off the tax base as opposed to a direct grant and loan program.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): What city did the honourable member refer to just a moment ago?

MR. AXWORTHY: I believe it was Cleveland, has just a graduated land value tax system. And I believe as well the information - and I can check it - that certain cities in Connecticut are now applying it.

Now, Mr. Speaker, the point is that property taxes all the way down the line has a kind of multiplying effect. It affects and distorts the incentive and motivation for the maintenance of property, and therefore we are forced then to make heavy expenditures in order to try to offset deterioration, when if in fact we had a different property tax system, we might find that the incentive was there already and you didn't have to be putting direct capital outlays into it. It affects the financial and fiscal priorities of the City of Winnipeg by compelling larger major developments sometimes, which themselves are unwise.

So what we're simply saying is, isn't it about time that we got away from this kind of catch-up game of just trying to keep abreast each year and hoping to God that somehow we'll be able to balance the books, and start taking a very serious reorganization of the fiscal relationships and the use of the property tax as a means of financing for local government? Now it doesn't mean to say that you eliminate the use of a property tax, but I think we should define very distinctly to what uses should a property tax be put, and how should it be used, and for what functions of government. And for the functions of government that are directly related to property services, fine, but there are so many services the City of Winnipeg is now being required to spend money on, that as a result the property tax is bearing an inordinate burden, and the kind of transfer grants and redistribution of income that comes from senior levels of sources are limited. And, Mr. Speaker, I - and the First Minister may want to correct this - but as late as 1973, according to the Ministry of Urban Affairs' studies on the national incomes,

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(MR. AXWORTHY cont'd) the City of Winnipeg, and that was about every dollar spent - received less from senior levels of government than any other major city in Canada.

Now that may have changed in the last year or two, but I would like to see the documentation of that, because as of 1973, for every dollar spent we had far less of that dollar being contributed by senior levels of government. Which just simply adds up to another additional reason or argument for getting to a serious investigation and reorganization of municipal finance.

So, Mr. Speaker, I think our position is quite clear. We are not adopting the position of the Conservative Party, which is sort of standing sort of implacably on its 1920's principles. That's their business and they can live with them. But what we are saying is that we are prepared to support the particular rebate system simply because it is a stopgap measure to provide some relief, and on that basis alone I think it warrants and justifies the support of this House because there are so many people who need that kind of relief. But at the same time, Mr. Speaker, let me make very clear it doesn't mean to say that we are satisfied in any way with the kind of fiscal relationships that we have, and we are suggesting very strongly that the fiscal system is out of whack, is not functioning effectively, that there are many distortions built into it, and that we would want to see and would hope that continually we would be able to encourage and prod and promote, and even do that worst of all possible things, because I know it's anathema to my friends to the right to tell someone in Opposition to suggest solutions; I know that that is just not in keeping with the game that they play; but even if we're required to make recommendations as suggested, we will do so if it means that we can provide for a more rational and useful tax system and take some of the burdens off and get rid of some of the anomalies and distortions and ludicrous parts of the property tax. And if that, Mr. Speaker, is not playing the Opposition game the right way, then I would think that maybe we should be looking at how the game is being played, because I think the people of the City of Winnipeg and the people of the Province of Manitoba are not interested in the games people play in this House. What they are interested in is results. They want some help. They want some help on their property taxes, and I think that what we better be looking for is a group of people who are prepared to put their minds to work to see how they can get it.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Well, Mr. Speaker, the Honourable Member for Fort Rouge has once again demonstrated that the Liberal Party in Manitoba displays a great deal of interest and very few principles when it comes to tackling the problems the population of Manitoba face, and you know, Mr. Speaker, it should be made very clear to all members in this Chamber and to the public of Manitoba that it isn't just the Liberal Party that is running candidates in these two by-elections nor is it the members of the government that are running candidates in these two by-elections; the Conservative Party is also running candidates in these two elections, but be damned if we'll prostitute our principles for the sake of those by-elections, and be damned if we'll apologize to anybody in this Chamber for foregoing those principles. And let me just take a few moments out, Mr. Speaker, you know, to resurrect some of the reasons why we took certain positions vis-a-vis this kind of a gimmicky handout of public money.

Mr. Speaker, No. 1: It was said already in this Chamber and in this debate that this is not a new method found out by the members opposite, the New Democratic Party, nor by the Liberal party. It was a Conservative administration under the leadership of Duff Roblin that first introduced the rebate system in the Province of Manitoba, and it was then the Opposition, it was then the New Democratic Party, aided and abetted by the Liberal Party, that said, "My God, what terrible vote-buying is taking place in the Province of Manitoba." Do you remember that? Do you remember that? They said that it was outright vote-buying on the part of the Conservative government. And you know, sir - I've said that before - we believed them. We believed it was right. We said if a government didn't need the \$50.00 in the first place, then why take it from the people? And so we stopped that program. We listened to what we thought was responsible Opposition criticism at that time by members of the New Democratic Party, and by members of the Liberal Party, I might add, who called this kind of a program blatant, flagrant vote-buying.

Now that's for the record, Mr. Speaker, so you know, let's not talk about 1920 economics. Let's not talk about the Bennett buggies. Let's not talk about any other things. Long before the Honourable Member for Fort Rouge came to this Chamber, indeed before I came to this Chamber, this particular approach of redistribution of tax income was introduced by a

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(MR. ENNS cont'd) Conservative administration then led by the Honourable Mr. Dufferin Roblin.

Now, Mr. Speaker, what are we really talking about? What are we really talking about? We're talking about an expensive system of rebating taxpayers' money. It depends on where you look at the budget graphs that were supplied by the Minister of Finance. If you happen to be talking about the bracket of between \$9,000 or \$10,000 or \$12,000 on a single basis, it means that the government is taking \$6.00 and they're giving you \$1.00 back. Yes, it's just that bad. The same person that's married, average married person, you're talking about a 2-1 ratio, and Mr. Speaker, we're simply saying that in line with some of the arguments that we've put up earlier - and really this comes back to the original debate on the rebate system, and I would ask you, sir, to remember, and I would ask members of the Fourth Estate to remember, what were some of the arguments of the Opposition at that time which led us initially into opposing this bill.

Now we talked about a 10 percent reduction of personal income tax, which I know honourable members don't agree with but we said that. That's fine. I can expect that position. It's just that, you know, this riffraff to my left that I have trouble with, you know, in terms of what side of the fence they come down off. It all depends, I suppose, on how close they are to an election at one particular time. The Minister of Mines and Natural Resources was perfectly right when he described their guiding principles in this Chamber or anywhere else. They'll vote for anything if they think it'll buy some votes, if they think it'll put them into power, if they think it'll maintain them in power. Well, that's been demonstrated over and over again. It's being demonstrated again here on this particular issue. They could vote against the budget of this government, of which certainly anybody that looks at the measures contained in this bill, this has to be one of the major aspects of the budget, one of the major in terms of overall dollars, but they can stand up and vote against the budget and vote in favour of this tax measure. Well, that is a Liberal position that I have long since no longer tried to explain or to justify. They are going to have to justify it to themselves.

But, Mr. Speaker, I just want to bring back to course some of the arguments that initially put the Official Opposition party opposed to this system of handling tax money, and it has nothing to do, nothing to do with 1920 economics. What it has to do with is a matter of some integrity on the part of the Opposition and some believing in those things that you say. We said that, rather than this kind of approach to giving back taxpayers' money, that there should be a consideration for a 10 percent reduction in the personal income tax. We said that the provincial contribution to the educational program should at all times be very clear, and we said that instead of neglecting the Foundation program, which brings about the very kind of tax rises that the Honourable Member for Assiniboia talks about which was forcing property up, rentals up, everything else. Keeping the Foundation Program alive and up-to-date, which this government has miserably neglected, was number two item on our total tax program. We also said the removal of all education taxes on farm and residential property was a position that the Opposition Party put up at that time, three particular items costing considerable amounts of dollars, and we said that in all conscience we couldn't be putting those positions forward and at the same time expect any government, let alone this government, have the necessary finances, the necessary money, to put through the kind of rebate program that they were then putting before us.

Well, Mr. Speaker, it was a position that we felt that we took with some degree of responsibility, with some degree of integrity. It was not, in our position, a justifiable one to suggest that these and these and these reductions could be taken and at the same time demand the reductions of the other route, the alternative route that the government was choosing. Now between the two routes there's room for fair debate, and we can debate that question, but I know that if I introduced a resolution in the House tomorrow demanding that a greater input be put in the Foundation Program, my friends the Liberal Party would support it. If I put a resolution tomorrow demanding a ten percent reduction in the personal income tax, my friends the Liberal Party would support it. And if I put another resolution tomorrow saying that we should quadruple whatever tax rebate programs that the present government is offering in this bill, my friends the Liberal Party will support it. In fact they will support anything, they will support anything if it thinks it'll buy them a vote. Well, yes, Mr. Speaker, it's a great platform. It's a hell of a mess that the Liberal Party has left this country in and is leaving this

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(MR. ENNS cont'd) country in as the result of their stewardship over the past number of years, and, sir, I'm more satisfied that we can get more serious tacklings of the economic problems facing this province, facing the people of Manitoba, we can get a much clearer choice in terms of people of Manitoba clearly identifying which route they choose to follow, if we learn to tolerate our Liberal friends but really not pay too much attention to them.

MR. SPEAKER: The Honourable First Minister shall be closing debate. The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, it's been a very interesting and stimulating debate and consistently so throughout. That's not to say, sir, that it hasn't been outrageous at the same time, because much that's been said I feel great indignation welling up inside as to just how, conceivably how, could anyone such as some Conservative members opposite make the kind of statements that they did, and I propose to deal as specifically as I can with each of the points that they raised.

Perhaps I could begin by commenting to the Honourable Member for Lakeside that if it's his perception of things that the Liberals seem inclined to support everything that's proposed - I'm not so sure that that's the case, but if it is - then I think it could equally be said by me, sir, to the members opposite, that I rather get the impression that the Conservative want to oppose everything that's proposed, and that perhaps is equally unrealistic and perhaps even more sterile, because what is before us here essentially in this legislation is a bill having to do with adjustments, and adjustments only, in the property tax credit and the cost of living tax credit, both of which are based on principles of fiscal policy which were enacted for the first time in the case of the cost of living tax credit a year ago, in the case of the property tax credit approximately two or three years ago. And I venture to say, sir, and it's only an opinion, that I feel rather confident that in Ontario, for example, whether it be the Davis administration or the Nixon administration - Bob Nixon, that is - or the Lewis administration, I rather suspect that no jurisdiction, once it has adopted a tax credit concept that is income-related, as our modern day tax credit programs are, will ever want to abandon it and revert back to some relatively unprogressive across-the-board simplistic income tax cut. If that is the issue before us, I welcome it, sir, because there's nothing that would give me greater political pleasure, in terms of integrity and principle as well as the fight of it, nothing more, sir, than a head-on collision with the Conservatives on this very issue, and perhaps it would be best for all concerned that we have that kind of direct and unequivocal and clear, crystal clear confrontation before the public of this province, so that they can adjudicate, as in fact being the ultimate adjudicators that they are. But at least let the facts and the principle of the relative programs be clearly set forth. Let them not be clouded or hidden behind a bushel or whatever.

The Honourable Member for Sturgeon Creek raises the complaint that there is an increase in the administrative cost of this program. If he would have checked with one of his colleagues, he would find that that question was raised this morning at the estimates review, and the answer is simply as follows: that the administrative arrangement for the property tax and cost of living tax credit, because it's income-related, because it has to do with the filing of income tax returns, is more logically administered by the tax-collecting authority, the Government of Canada Department of Revenue, to which we have a one percent administrative payment arrangement. And I said this morning, and I say again, that it is certainly possible to argue that, on the one hand, one percent charge for administration is about as low an administrative charge as you can find anywhere in respect to anything that requires administration, and on the other hand it could be said that because of the mere increasing of a tax credit, that there ought not to be the automatic increase in administrative cost that results from a standard one percent formula. All right, there's room for argument there, but lest my honourable friends wish to make too much of it, I repeat that there are precious few things in administration that can be covered with a charge of one percent, unless my honourable friend has some dramatic new information there that he wants to make known to us on this side, and to the world for that matter. But that is perhaps - not perhaps, it is without a doubt one of the less important aspects of the debate that has taken place in the past hour.

The Honourable Member for Sturgeon Creek also complained about the advertising cost and, sir, I don't think that I'm revealing any confidence when I say that personally I wish that the advertising campaign we have mounted in the case of this program were considerably larger than it has been, for the reason that the Opposition can't have it both ways. They want

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(MR. SCHREYER cont'd) to criticize a program, and that gets publicity, but when it comes to the sheer matter of fact exposition or explanation of a given program, they complain if there is any formal advertising. We in Manitoba tend to be more modest than some other sister provinces, partly for historic reasons, partly because we are smaller as a province, and partly I think it's just maybe our peculiar human nature. I mean not just New Democrats, but Manitobans generally - politically, that is. We do not mount even proportionately the kind of extensive advertising campaign on this particular program that the Province of Ontario has. We have not run to full-page ads, and as frequently and as many publications. The honourable member should bear in mind what my colleague has just mentioned, that there is nothing sinful about this and in fact the City administration felt justified in running a campaign which I understand cost a few tens of thousands of dollars on rather a skirmishing point as opposed to trying to set forth the basics of a rather major program, and in fact the cost of living and property tax credit program has become a major program, obviously to the discomfort of some honourable friends opposite, the Member for Riel in particular. He is saying it's become so large how are we ever going to break our way out of it and replace it with some Conservative program? Well, I wish them well in the event, unlikely as it may be, that they form the administration in approximately 2 years and 2 months, or thereabouts - if they can devise a way of getting out of this program without sacrificing equity or equitability, then I think they will have succeeded in accomplishing something. But the challenge that they would face would be quite severe because it is, I say sir, impossible or nigh onto impossible to get rid of a \$98 million program which in a couple of years may well be in excess of 110 or 120, and replace it with something that is more equitable. I know what they have in mind - they have been candid in indicating what that would be - that is, they would try to get rid of it, problematic and difficult as that would be, and replace it with a good old-fashioned Conservative percentage decrease in income taxation. The Leader of the Opposition has said so on more than one occasion, although it's interesting that in the Throne and Budget Speech of 1975 he has hedged and qualified that. Certainly a year and two ago it was unequivocal that they were in favour of a percentage across-the-board income tax cut, which brings you to the classic head-on difference in evaluation or values or priorities or social economic philosophy, because we have said to the point where we feel bored with ourselves for repeating - that a simply percentage decrease in income taxation does nothing, sir, for equitability or for taking into account the kind of problems that concern the Member for Assiniboia, and he has said so - the position of old age pensioners, those on average or below average income. And what they would propose, sir, would have almost the opposite effect. And if that is an exaggeration, at least I know I am not exaggerating when I say that it will do nothing for those people. I would be prepared to go further and say that it would be positively harmful, because a straight percentage income tax cut, sir, as a replacement for the tax credit concept which is inversely related to income, would have the effect of giving those in upper income brackets a substantially greater tax relief than those at middle and lower incomes. That being the case, sir, let it be clear without equivocation, without apology, we reject it completely.

The Honourable Member for Lakeside - and here is obviously proof that this is not one of his better days, because on many days he is quite astute and entertaining. But today he worked up a head of indignation, because he said that this concept was tried in the middle 1960s and discontinued after one or two years because of protests, I presume, of the two opposition parties. But also, he admitted, because of dissatisfaction within their own ranks. Well, obviously if they were not dissatisfied they wouldn't have discontinued it. But Mr. Speaker, that \$50 tax rebate has so little resemblance to the tax credit program of the 1970's as practised in Ontario and Manitoba, that it is unworthy of comparison. It was a \$50 flat rebate; it had no relationship inversely to income or ability to pay. Therefore, the question was asked by members of the Opposition in those days, completely justifiably, "Well, if it's flat and a simple \$50, and you're taxing it in and you're paying it out by individual cheques - mark you, sir, individual cheques to individual residents - and it has no social redistribution impact on it, well what's the point of doing it that way in the first place." And indeed that is a very valid question.

In our case, this property tax credit system, sir, is - first of all, it is not flat; it is inversely graduated, inverse to income and ability to pay. It is redistributed - and not only that, sir, it is paid out not in a way that maximizes the administrative costs because of

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(MR. SCHREYER cont'd). . . . individual cheques to 280,000 or 320,000, filers or householders, but it goes by way of lump sum to the numbers of municipalities in this province, and not to individuals, so that the administrative costs in comparison has got to be lower and smaller therefor. But let's not compare apples and oranges, that old trite expression, comparing apples and oranges; that's just what the Member for Lakeside is doing when he compares a \$50 flat rebate of the 1960s with \$175 to a \$300 inverse to a graduated income redistributing type of program such as exists in our day and age. There's all the difference in the world.

But, sir, even that is perhaps not the main point, although it's important. The main point has to do with the kind of - and sir, I must confess that in listening to the Honourable Member for St. James, I was wondering what sleight of hand it's possible to play with figures. He is arguing somehow that the tax impact, even with the tax credit program, is falling more heavily today than apparently a few years ago. And therefore, I, without apology, want to take time to go deliberately and as slowly as necessary through pages 52 and 53 and 80 and 81 and 82 and 109 and 114 of the budget papers - because, sir, in the final analysis, although temporarily for a week a month, a year, they may get away with it. But ultimately, I like to think that the truth does out and that falsehood doesn't always continue to exist on the throne. And the truth of the matter is, sir, that when looking at a 25-year comparison of changes in personal income and disposable personal income after taxes, all of which information is available from the Department of National Revenue and DBS, one sees that there is a quantifiable ascertainable level of personal income in statistical terms, both in current dollars - and if my honourable friends want to play games about inflation and the deflated value of the dollar, then we'll take it in 1961, constant dollars calibrated out in that fashion. And on that basis, 1954, Mr. Speaker, the personal disposable income per capita in current dollars was \$1,117; in 1964, \$1,656; and 1974, \$3,900 for Manitoba. Comparable figures for Canada in the same three years over 20 years, \$1,169, \$1,713, \$3,937. In terms of personal disposable income per capita after taxes and measured in 1961 constant dollars with inflation squeezed out, we get the following; 1954, Manitoba, \$1,242; Canada, \$1,300. 1964, Manitoba, \$1,580; Canada, \$1,635. 1974, Manitoba, \$2,367; Canada \$2,360. Now what is doubly interesting there is that not only is personal disposable income after taxes in Manitoba maintaining a fairly stable relationship to the phenomenon as it applies in national terms, but we see that after a decade of the 1960s when Manitoba actually lost ground to the extent of \$96.00 per person in disposable income after taxes as compared to the national Canadian average, in the last five years we have made up that \$96.00 and \$7.00 besides. So that today Manitoba's disposable personal income after taxes is \$7.00 per capita; it's not much, but it's \$103.00 per capita more favourable than it was at the end of the decade of the 1960s. There's no way that they can get away from that startling fact, although I know that they would like to. But, sir, why should agony for the Conservatives be spared if the truth can be served?

So we look now at Page 80 and 81. And in looking at Page 80 and 81 we see that, contrary to the impression that the Member for St. James tried to leave, that, yes, taxation at a given level, I think he admitted - that taxation at the same level today was less than five years ago, but he says if you take inflation into account, then obviously a person has to be earning more today than in 1969 or '70 in order to have the same purchasing power; and when you take the increased level of income, which was no greater in uninflated terms, then he is paying more taxation.

Well, let us look at Page 80 and 81 - and I'm sure that if this can be disproved, it would be to the great embarrassment of the Minister of Finance and to supporting analysts and staff. But it would seem, sir - I shouldn't put it that tentatively - we are satisfied that a person earning \$8,000 in 1969 - \$8,000 - was paying more taxes, more income taxes, federal and provincial, than a person earning 50 percent more today. And I pause there for emphasis, because I believe that that is a point that has been entirely either ignored by my honourable friends opposite or else they have deliberately obfuscated it. But look, Mr. Speaker - in 1969, for a married couple - taking it on the basis of a married couple with no children or a married couple with two children, it doesn't matter - had \$8,000 yearly gross income in 1969, provincial taxes of \$544; in 1973, \$239.00; in 1975, \$4.00, after taking the tax credit programs into account.

At \$12,000 in 1969, \$910 in provincial taxes; \$683 in 1973; \$461 in 1975 - so that the \$12,000 a year filer today is paying \$461 as compared to \$544 by an \$8,000 a year filer in 1969.

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MR. GREEN: Plus the Medicare in '69.

MR. SCHREYER: That's assumed. So then, Mr. Speaker, there was no way that one can argue that the incidence of taxation in terms of the income tax on middle and lower income - but even middle, sir, and somewhat above middle average income - is that the incidence is higher today as compared to 1969. It is dramatically lower at a given level of income and even when adjusted for an inflation, sir, it is more favourable to middle and lower income groups.

And I think that Page 80 and 82 - really, Mr. Speaker, would it be wrong if we were to take the subject matter of Pages 80 and 81 and have them lithographed and put through mass public media advertising - because, sir, there has got to be some way to deal with the outrageous distortion here that my honourable friends, the Conservatives, have become so adept at.

I remember in the 1960s, sir, when the --(Interjection)--

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

MR. MINAKER: Mr. Chairman, the First Minister was - if I understood him correctly when he was comparing the figures - was implying that my portion of the debate was comparing 1975 figures to 1969. They were not. They were comparing 1975 figures to 1974 figures on those two pages. And I want to make that very clear.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, that perhaps puts a somewhat different light on it, but it certainly is of no comfort to my honourable friends. I am comparing sir, the impact of taxation today for a given level of income - and even allowing a \$4,000 differential on \$8,000 to \$12,000, and showing that even on that basis the incidence of taxation is less today in provincial tax terms - and it means federal, to give the Government of Canada its due credit - than it was in 1969.

Mr. Speaker, if one is going to deal with the phenomenon of inflation, then one has to deal with both income and costs on either a current dollar or a constant dollar basis, either way. But it is most dishonest intellectually, and in every other respect, to use for income purposes a deflated or a constant dollar base - and it's, "ah, but the cost of living's gone up," and to prattle off nonsense about the fact that the average incomes, disposable incomes, have not kept pace with the cost of living - that is just not true, sir. The history of Canada through almost every single year in Canadian history except when the Conservatives were in office. has been a history of a steady increase or improvement, maybe not dramatic, but slow but steady positive improvement in the net disposable income of Canadians - with the possible exception of 1930 to '35, 1957 to '63, and any other year that the Tories were in office.

Mr. Speaker, I think that it will be understood that --(Interjection)-- Well, Mr. Speaker --(Interjection)-- All right, there sir, we have a very specific upon which I would welcome participating - in a task force, shall we say, with honourable friends opposite, but I would insist that there be some gentlemen from the Liberal Party as well, so that there would be a three-way analysis of this as to when --(Interjection)-- as to when . . .

MR. SPEAKER: Order please.

MR. SCHREYER: . . . the disposable personal income circumstance of Canadians has improved most, least or not at all. And I bring forward as a rough premise, which I think can be sustained, that Canadian per capita disposable income has increased least, or in fact has diminished in the periods 1929 to '35 and 1958 to '63. Now if that can be disproven, I would like to see it. I hold no brief for the Liberal Party of Canada, I'm just trying to observe what I believe to be fact.

Mr. Speaker, the whole purpose of the cost of living tax credit, property tax credit, is to attempt to provide some relief on - in the case of property tax - on property tax that is related in some formulate way to income and to ability to pay. And I think that Page 114 of the budget papers provides a very definitive analysis as to what the impact is of property tax - historically, in the absence of any tax credit adjustment - on persons at different income levels and what it is as a result of the redistributive effect of the tax credit program as we have it here. And Page 114 shows that were it not for the property tax credit, that the incidence of property taxation on lower income people is much much higher than one would suspect, and much much higher in proportion or comparison with those who are in upper income brackets. And indeed, even with the property tax credit we find that those in the very lowest scale of income are still paying, unfortunately, proportionately to income, a higher percentage of

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(MR. SCHREYER cont'd) average income towards property taxes, but at least it's been reduced very substantially. And I would like to, if it weren't too inconvenient, put it on the record, sir, that for persons below the \$5,000 average family income range, property tax as a percentage of average total income ranges in the 6 percent level, diminishing from \$5,000 to \$8,000 to 4 percent, \$8,000 to \$12,000, 3.8 percent; \$12,000 to \$20,000, 3.2 percent; \$20,000 and over, 2.2 percent. Now, as a result of the property tax credit, what was 6 percent becomes 2 percent; what was 4.1 percent becomes 1.7 percent; \$8,000 to \$12,000, instead of 3.8 percent being the average gross property tax as the percent of average total income, it is 2.4 percent, and so on, so that there is a proportionality there that does maintain a fairly equitable and stable percentage of average net property tax as a percentage of average total income.

So, sir, perhaps it is speaking to only the converted when I say that I honestly believe that the property tax mechanism where it has been introduced in Canada - and it is now in five provinces and in the past two years introduced in 30 states in the United States - that where it is introduced on the kind of basis it is now as compared to the simple, flat \$50,00 system my honourable friends used, that it is indeed a genuinely equitable program. And I venture to say that those who want to abolish it will do so only at their own peril and at the peril of equitability in public programming.

I would like to conclude by making some reference - the Honourable Member for Fort Rouge was saying that that part, meaning the tax credit system, may be fair enough but it doesn't take adequate cognizance of the need to inject more funds into local government. And I know that the problem of local government finance is an omnipresent and rather a major problem, and his statement left the impression that there really has not been any significant increase in provincial government support to local government finance. I happen to have the data readily at hand for the City of Winnipeg, which I know is what my honourable friend was referring to, but proportionately it applied to the whole province and all our ends. But in the case of the City of Winnipeg, would my honourable friend be surprised - he may be, I don't know - if I were to indicate to him that the total provincial grants to the municipalities of Winnipeg in 1968-69 stood at \$12.6 million? That has been increased now to a level of approximately \$43 million, to which one would add another \$2 million because of relief of cost responsibilities associated with the Magistrate's Court, milk inspection Assiniboine Park and Zoo, so for a total there of something in the order of \$44 million, from \$12.6 million.

And then on school accounts, sir, from a 1968 level of \$27 million to Greater Winnipeg schools, it is now standing at \$62 million. So, aggregating the two local governments' requirements, it has gone from \$40 million in 1968-69, both school and municipal accounts, to \$143 million. And, sir, in six years that kind of increase of \$103 million over \$40 million is much more than mere inflation and therefore it must be attributable to changes in policy, deliberate changes in policy. Of that amount --(Interjection)-- Yes.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, could the Minister translate those figures into proportions of city budget, aside from giving gross figures. Could he say to what degree has the proportion of transfers from the Provincial Government to the city budget, has the percentage of city budget increased proportionately in terms of transfers from senior levels of government?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, that is an interesting point and perhaps does reveal one of the reasons why there is sometimes the kind of difficulty in communicating that we sometimes have. The Province of Manitoba has an obligation - I would say an imperative - that whatever the level of grants were, it must be maintained and then some in order to provide for full protection against the impact of inflation, although some would argue that really clearly we do not have even that complete a degree of obligation. But let us assume, for discussion purposes, that we do. Well then, Mr. Speaker, the rate of inflation over the past seven years would be such as to require something in the order of a 50 to 60 percent increase in total grants, which would mean that \$40 million ought to have become something in the order of \$65 million to \$80 million. But the remaining \$25 million to \$40 million, sir, is over and above inflation, and there is no basis for saying that there is a moral obligation or imperative on the province or any senior government to increase expenditures because of above-inflation burgeoning of expenditures as the result of prioritizing by city government. Is my honourable friend suggesting

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(MR. SCHREYER cont'd) seriously that not only is there an obligation to maintain safeguards against inflation encroachment, but to go beyond that to provide ever-increasing amounts for new programming? That is precisely - the latter, sir, is what is subject to negotiation and is also subject to being handled in the light of other demands on the public purse.

My honourable friend hasn't really, and I don't expect him now, indicated whether he is surprised or not surprised with the fact that the total municipal and school, or on whichever basis he wishes to look at it, municipal only, school only, or combined, there has been an increase in the case of the combined from \$40 million to \$143 million in seven years, which is substantially in excess of the rate of inflation in that same time period. So it cannot be said that there has been an unwillingness to increase assistance to local government in the light of City needs, because there has been an increase, I would say, even after taking into account inflation, an increase of about 100 percent after inflation. Because if it was \$40 million, sir, then there is at least another \$40 million pure, after-inflation increase in grants.

Mr. Speaker, the final point I make in terms of the notes I have, is that the Member for Assiniboia had indicated that property tax credit - and while he was candid enough and kind enough to say so - straightforward enough is perhaps the best way to put it - that it has a beneficial impact on old age pensioners, then I would simply add that it must by definition, therefore, have an equally straightforward impact with respect to all below-average income families - by definition. Because in that context they are not unlike old age pensioners and indeed that's what the charts prove here. So that is yet another reason, sir, why we have no intention - we shall fight it out to the bitter end, sir - no intention of abandoning this program on the doorstep of a Tory protest.

A final point, I would say to the Member for Assiniboia, that he's saying notwithstanding that there is inadequate provision in our present fiscal policy to take into account the plight of smaller corporations, I gather, who were experiencing difficulty in maintaining the sort of obviously needed rate of return on their investment. And if that's the case, then we would want to summon forth as much analytical data that we can get to see whether in fact that is so. But before my honourable friend, the Member for Assiniboia, goes too far in that assumption, or believing in that assumption, I would ask him to try and analyze the charts that are on page 140 of the budget document - I'm using the other volume; it may not correspond - in which corporate profits before taxes, as the percentage share of GNP, has increased substantially in calendar 1972-73-74. Now it may be that this is a phenomenon that results because of the activities of commodity prices and world markets and that it may be misleading insofar as the smaller firms are concerned, but I suspect that the P and L of smaller companies in the past couple of years or three, since the slump of 1968-72, is at least not worse than it was in 1968-72. But we certainly welcome any further observations that the honourable member may have in that regard.

QUESTION put, MOTION declared carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Ayes and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members. Order please. The motion before the House is Bill. 63, second reading thereof.

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

YEAS

Messrs.	Adam	Johannson
	Axworthy	Johnston, G.
	Barrow	McBryde
	Boyce	Malinowski
	Cherniack	Miller
	Derewianchuk	Patrick
	Desjardins	Paulley
	Dillen	Pawley
	Doern	Petursson
	Evans	Schreyer
	Gottfried	Shafransky
	Green	Toupin
	Hanuschak	Uruski
	Jenkins	Walding

BILL 63

NAYS

Messrs.	Banman	Johnston, F.
	Bilton	Jorgenson
	Blake	McGill
	Craik	McGregor
	Einarson	McKellar
	Enns	McKenzie
	Ferguson	Minaker
	Graham	Spivak

MR. CLERK: Yeas 28; Nays 16.

MR. SPEAKER: In my opinion the Ayes have it. I declare the motion carried.

MR. GREEN: Mr. Speaker, I believe that there may be some permission to proceed with the introduction of the Statute Law Amendment Act (1975). It would save us a day if we could get it introduced today. And the honourable members would still, of course, have time to look at it. The Attorney-General would be prepared to proceed if he would be allowed to do so.

MR. SPEAKER: Is leave granted? (Agreed)

BILL NO. 62 - THE STATUTE LAW AMENDMENT (1975)

MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY presented Bill No. 62, an Act to amend The Statute Law Amendment Act (1975), for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY: Mr. Speaker, this bill of course is the normal Statute Law Amendment Act changes generally. It's an omnibus bill with a number of rather technical changes, and I would quickly go through them one by one for honourable members

1. The first deals with the increasing of the number of members on the Alcoholism Foundation Board from seven to twelve.

2. This deals with the deleting of schedules of Amusement Tax rates from the Amusement Act. The tax is no longer imposed.

3. This substitutes "medical examiner" for "coroner".

4. This corrects a technical error in reference to the old Animal Diseases Act.

5. This includes "provincial judges" in definition of "authorized judicial officer," and deletes reference to "coroner" in the same definition.

6. and 3. are changes from March 31, 1975, to March 31, 1976, the date after which financing statements are required to be filed with assignments of book debts and chattel mortgages.

7. This repeals a section which amends the Limitation of Actions Act. This section is spent, as a more recent amendment has dealt with the same change.

9. This authorizes the Lieutenant-Governor-in-Council to make regulations requiring mobile home dealers to be licenced.

10. corrects typographical and clerical errors.

11. corrects a clerical error.

12(1) corrects a reference to Development Corporations.

12(2)(a) changes the date after which financing statements will be required to be filed with corporated debentures.

12(2)(b) deals with a typographical error.

12(3) reduces the number of persons required to apply for incorporation of a co-operative from 7 to 3.

12(4) provides that payments made by a Natural Products Marketing Board to a member of a co-operative through the co-op will be deemed to have been made for the produce sold to the co-op.

13. corrects typographical errors.

14. corrects a mistake made in setting up subsections 13(4) and (5) of the Corrections Act. Words which would have been in subsection (4) were put into subsection (5) by mistake.

BILL 62

(MR. PAWLEY cont'd)

15(1) enacts two provisions dealing with the duties and powers of the Chief County Court Judge with respect to the administration of the county courts.

15(2) makes it clear that the county court has jurisdiction in matters involving more than \$ 2, 000 where the action is under The Garage Keepers Act or the Mechanics' Lien Act.

16(8) removes some references to coroners.

17. These make the provisions of the Surrogate Courts Act respecting enforcement of judgments, similar to the corresponding provisions of the County Courts Act.

19. removes a reference to the Loans Act which has now been repealed.

20. is a typographical error.

21. I would ask that you refer to Sections 6 and 8, and 12(2)(a).

22. The Gas Pipe Line Act refers to procedures on expropriation by a Gas Pipe Line Company that were provided in the old Expropriation Act. Neither the procedures nor anything similar are provided in the new Expropriation Act. These amendments, and those to the Pipe Line Act (see sec 39) are to provide a method by which, after getting a permit to construct the pipe line, the company can expropriate rights of way for the purpose of the pipe line.

23(1) removes a provision respecting the application to the City of Winnipeg of a provision of the Municipal Act. The Municipal Act is being amended to make the provision apply to the City of Winnipeg.

23(2) When section 91 of The Highway Traffic Act was amended last year, a reference to the provisions of that section in section 93 was missed. This is to bring 93 into line with the changes in 91.

23(3) This amends a provision dealing with suspension of licences and registrations by the Registrar. Presently he can suspend forever or until driver or owner provides proof of financial responsibility. This amendment will permit suspension for any specified period.

23(4) This authorized the Traffic Board to delegate to a U-Drive truck renter the authority to issue the permit required trucks in excess of 23, 000 lbs gross weight.

23(5) authorizes the appointment of more than one Vice-Chairman of the Traffic Board.

23(6) corrects a drafting error.

24. This brings objects found above surface of earth within the definition of "artifact" for Historic Sites and Objects Act.

25. This corrects reference to Health Services Insurance Act, Health Services Commission, and Workers Compensation Act.

26. is a typographical error.

27. This removes reference to coroner.

28. These provide definitions of "medical examiner" and "provincial judge" in the Interpretation Act, and brings up to date some other definitions that deal with judicial officers.

29. This corrects a drafting error.

30(1) removes a reference to "coroner."

30(2) and (3). The Jury Act provided that the senior County Court Judge had certain duties. These duties are being transferred to the Chief County Court Judge.

31. These amendments provide that the Crown, as a party to an action, will not have to pay court fees, but can nevertheless tax a bill of costs as though the fees had been paid.

32. These increase the board of the Legal Aid Society Board from 9 to 11 and provide that at least four of the members will not be lawyers.

33(1) Last year the provisions of the Legislative Assembly Act dealing with sessional indemnities were amended. Cross references to those provisions in other parts of the Act were not corrected. These correct these cross references.

33(2) This corrects a drafting error made in the provision for the cost of living allowance in members' pensions.

33(3) Typographical errors.

34. These bring up to date references to Chief County Court Judge and Chief Provincial Judge in the definition of "court".

35(1) This removes a cross reference to section 4 which has been repealed.

35(2) corrects mistakes in cross references.

36. This provides a new definition of "hospital" in Municipal Assessment Act. The chief effect is in the exemption of hospitals from municipal taxation .

BILL 62

(MR. PAWLEY cont'd)

37. This substitutes references to correctional institutions in place of reference to gaols.

38. There have been amendments to Federal Food and Drugs Act and Proprietary and Patent Medicines Act. These amendments bring references to these Federal Acts up to date.

39. Refer to note to section 22.

40. This will allow a licensed practical nurse to come back into practice without re-examination after any absence up to five years instead of the present three years.

41(1) This corrects reference to Health Services Commission.

41(2) This deletes the word "graduate" from the phrase "registered graduate nurse" so it now refers to "registered nurse."

42(1) This removes some ambiguity that the courts found in this Act with respect to notice of claims against the Crown.

42(2) This removes the prohibition against bringing actions against Crown under the Small Claims Act.

42(3) This brings alternative persons to accept services of writs and notices required to be served on the Crown.

43. This corrects references to the Association of "Registered" Psychiatric Nurses.

44(1) and (2) provides new definitions of "department" and "minister" for Public Health Act.

44(3) This changes provisions for quorum of Board of Health. The present quorum is a majority of members.

44(4) This clarifies the requirement to obtain an order for disinterment before disinterment of a body.

44(5) This will authorize the making of regulations requiring reporting of communicable diseases by doctors, laboratories, etc.

45. This removes reference to coroners.

46. Typographical errors.

47(1) This removes the qualification of five years' practice as a barrister for district registrars of the Land Titles Office.

47(2) Typographical error.

47(3)(4)(6)(7) and (8). These are complementary to this proposed new Planning Act.

47(5) This corrects a drafting error.

48. This reflects the method of numbering regulations.

49. This corrects a reference to the Health Services Act.

50. This provides a reference in Continuing Consolidation for Treasury Branches Act.

51. This corrects a reference to Health Services Act.

52. This changes a reference to Uniform Law Conference of Canada required because of change of the name of the conference.

53. This places a limitation on expenditures by the University of Manitoba.

54. Typographical errors.

55. deletes reference to coroners and substitutes medical examiner.

56. corrects references to Municipal Assessment Act required because of enactment of municipal assessment provisions separate from Municipal Act.

57. corrects drafting error.

58. changes age limit for custody orders under Wives' and Children's Maintenance Act from 21 to 18.

59(1) Typographical errors.

59(2) changes penalty for failure of employer to report accidents.

59(3) The provisions dealing with increases for certain small pensions are changed to apply where the compensation is less than 10 percent of average income instead of where it is 10 percent or less.

59(5) This makes the standards of compensation for injury of a person declared by Order-in-Council to be a workman apply also where such a person is killed in a compensable accident.

59(6) This change is required because of the change in maximum average earnings under Section 37.1 of the Workers Compensation Act.

BILL 62

(MR. PAWLEY cont'd)

60. This continues a company whose Act of Incorporation was repealed by mistake by the Revised Statutes of Manitoba, 1970, Act.

61. corrects a drafting error.

62. These correct a numbering problem that arose when two separate provisions of the City of Winnipeg Act, enacted by separate Acts in 1974, were both assigned the same section number.

63. This repeals an amending provision which has not been proclaimed and which was superseded by a later amendment which has come into force.

64. This repeals an unproclaimed amending provision that amended a provision of the Amusements Act that was repealed last year.

65. This corrects a mistake made in a reference to the Chapter number of The Cemeteries Act.

66. Typographical error.

67. Drafting error.

68(1) This repeals an unproclaimed amending provision that is being superseded by an amendment this year.

68(2) corrects drafting error.

69(1) This provides for a payment to be made from funds of old Milk Control Board to cover pension liability of its former employees and its retired employees.

69(2) This brings the Milk Producers Marketing Board employees under the Civil Service Superannuation Act.

70. Typographical error.

And we end on that fine note.

Mr. Speaker, I'd like to forward these notes to the two party leaders and then maybe they could be photocopied. Maybe you could arrange for them to be . . .

MR. SPEAKER: Is it the pleasure of the House to adopt the motion? The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Speaker, I beg to move, seconded by the Member for Virden, that debate be adjourned.

MOTION presented and carried.

COMMITTEE SUBSTITUTIONS

MR. SPEAKER: The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I'd like to make some changes on the Standing Committees. On Law Amendments, substitute the name of Schreyer for Osland; also Miller for Adam. On Municipal Affairs Committee, substitute the name of Malinowski for Osland.

MR. SPEAKER: Thank you. The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move, seconded by the Honourable the Attorney-General, that the Speaker do now leave the Chair and the House resolve itself into a Committee of Supply to consider of the Supply to be granted to Her Majesty.

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

MR. GREEN: Just to the honourable members, the Minister of Public Works is ready to meet in Room 254 during the last half hour as well.

COMMITTEE OF SUPPLY - NORTHERN AFFAIRS

MR. CHAIRMAN (Mr. Jenkins): I refer honourable members to Page 39 of their Estimates books. Resolution 93(a)(1). The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Chairman, I think when we broke off at the lunch hour we were discussing some matters relating to the training of pilots, and the Minister indicated that in respect to the probable selection of Manitoba Government Air Services as the carrier and the operator of Sky West, that he wasn't exactly seeking that authority, but that judging from the way in which the air service was involved in the training of pilots and the fact that no provision has been made to keep track of the cost or to allocate it or charge it to any other corporation, that this was likely to occur. Now, Mr. Chairman, I'm wondering if

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(MR. MCGILL cont'd) perhaps - I'm interested in the reason for the statement of the Minister that in a sense he was somewhat of a reluctant applicant in respect to the Sky West Air Service, and could I infer from that that the inclusion of this additional service within the operations of MGAS might have a bearing and perhaps react unfavourably on the other services that the air service is now providing to the government, and perhaps he could enlarge on that situation.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. MCBRYDE: Mr. Chairman, maybe I misheard the member, but to make sure I . . . there is an accurate accounting being kept of the training procedure and the . . .

MR. MCGILL: I'm sorry, Mr. Chairman. The Minister's coming through about strength (1) here on my receiver.

MR. MCBRYDE: I'll try and be a little bit more like the Member for Sturgeon Creek if I can handle it. I'm not sure if I misheard the member or not, but an accurate accounting is being kept of all costs of the training that has been undertaken to this date. I don't see much problem to the Air Division in assuming the extra responsibilities if and when that is decided upon. We have a fairly large staff. You'll note from my comments earlier on, within the Air Division - and it's not very difficult for us to provide some for another service and then withdraw them back in our own service as the need arises, because there are that number to play with. We also operate on a seasonal basis so that we hire in the summer for fire season and lay off some of those people in the fall, although quite often by that time there has been some turnover and the better ones of the fire season are then kept on for the ongoing flying operations of the Air Division. So I don't see any major problem if Air Division is awarded a contract for Sky West.

While I'm on my feet, Mr. Chairman, I would like to respond to the question raised by the Member for Birtle-Russell. Him and I had heard some similar rumours and I just wanted to get the figures from the Air Division people on this matter. Unfortunately the rumour I heard emanated from Thompson, so I only got the figures for the patient air transportation flights out of Thompson, and in order to sort and separate the emergency from the more routine medical matters, what we did was take the figures of night flights, or flights outside of the regular hours of the Air Division. In 1974, of the 25 patient air transportation trips at night out of Thompson, 21 were done by the Air Division, one was done by Comair's Twin Otter, one was done by Lamb-Air's DC-3 and two were done by helicopter. Of course the Air Division has no helicopters or Twin Otters or DC-3's, so that could relate to the reason why another carrier was used. In 1975, from January 1st until the most recent figures are available, there were 14 patient air transportation trips made out of Thompson. Eleven of these were made by the Air Division - this is again night flights - two were made by helicopter and one by DC-3, when all our aircraft were in use, for a total of 14. So the Air Division is handling the vast majority of emergency air transportation flights.

MR. CHAIRMAN: (Resolution 93 was read and passed.)

Resolution 93, Resolved that there be granted to Her Majesty a sum not exceeding \$525,900 for Northern Affairs. Passed.

Resolution 94, Engineering and Construction, (a)(1)-passed; (2)-passed; (3)-passed; (a)-passed; (b)(1) - the Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, when we're dealing with the subject of winter roads, I think we have to go back a few years ago to when the government made the decision to get into the construction of winter roads and the operation and maintenance of those same roads. And at the time, we were told that the main purpose of the winter roads was to lower the cost of transportation of goods to the users in northern Manitoba. And through our Government Information Services, we've found out that this year, that while the estimates here show that we've roughly a 50 percent increase in costs and that we have a further increase projected, we find that in the past year for roughly a 50 percent increase in cost we had 50 percent less goods delivered. I don't see how, if we continue in this direction, we're going to lower the cost of transporting goods into northern Manitoba. I don't know just what we could attribute all of this to, but it appears as though we're paying more and more to get less and less delivered. And if we continue in this direction, I suspect that before long we'll be in a position where we'll either be building permanent roads or else we'll be relying almost entirely on air transportation, because the rapidly escalating costs of the present winter road system seem to rule out any long-range program in this direction.

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(MR. GRAHAM cont'd)

It is also interesting to note, sir, that there have been some people who have been very concerned about the government operation of the winter roads system. They have felt that government costs have risen, and the escalation is such that they felt they could even go it themselves, do it alone, and effectively compete in the commercial market. We had experience in the past winter where this was done, and government quite vehemently refused to grant any assistance at all to those that were courageous enough to step out on their own and try and move goods into areas where service was necessary. At the same time, we notice that another thing is occurring in the operation of the winter roads' system. It seems that those areas of northern Manitoba which could quite conceivably become terminals and distribution points, are now being ignored, and we get the great centralization program that this government has so vehemently denied espousing. This centralization program is in fact occurring, and we find now that many of the goods are moving directly from Winnipeg on a fairly long winter roads' system, where we just doubt whether the cost saving is going to be of any material benefit if they continue this program much longer.

I refer in particular to the fact that in the past, Ilford has become a terminal for the distribution of goods in the winter roads' system and this winter it was almost completely ignored. In fact it was ignored completely by government and it was only the private enterprise system that continued to use the Ilford terminal for winter distribution of goods. And I think that the Minister owes this House and the people of Manitoba an explanation of why these changes have occurred, and I think he also owes us a reasonable forecast on what the costs of transportation are going to be if this rapid escalation of winter road use and the costs presently are not kept in check in some reasonable manner. I would hope that the Minister has a reasonable explanation to give this House and the people of Manitoba in that respect.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, there certainly was some increase in the cost of constructing winter roads for the past season, and I think that the increase in cost of building winter roads wouldn't be dissimilar from the increase in cost of building all-weather roads or highways. Nor would the increase in cost probably be disproportionate to the increase in air fares or air rates, getting goods into those communities. So the cost reflected is a cost that shows, I think, the normal inflationary factors in the construction industry, with the exception that within our costs last year - and I think the member is comparing 1973-74 with 1974-75 - within our costs last year, there were two new routes surveyed and engineering firms were hired and some work was done on them over the summer to prepare them for the construction season, plus the fact that a new road was put in this year and the initial year of construction of course is quite a bit higher, with the cost going down once the main road is pushed through. So that would be one reason for the increase in cost.

Now the member is aware, and I think members of the House are quite well aware that the department doesn't haul the goods, so the cost to building the roads to us remains pretty much the same - or increases because of the inflationary costs. I think one reason for the reduction in the amount of goods was the elimination of one route from the contract let by the Department of Northern Affairs. And this was the Ilford, York Landing and Split Lake road which - according to our calculation, the cost per ton last year on that road was \$67.21 - in comparison with the Norway House road which was \$8.96, the Ilford-Oxford road which was \$49.29, or the Garden Hill road which was \$32.16. So the cost for a ton mile was very high on those routes. And not because the cost per mile of building the road is any more, the cost per mile of building those roads was quite reasonable, but just because of the low amount of goods going over those roads. And so it was hoped that a tractor-train rather than a regular truck road would be made available to those areas.

So the argument, Mr. Chairman, about the relationship between the goods and the increased costs - I'm sorry, I should add, the other reasons for some reduction in freight this year was the reduction in the pulpwood haul back from Moose Lake to The Pas which took quite a few tons off the figures; and the reduction in the amount of gravel going into South Indian Lake, that was a very heavy commodity and a considerable amount was taken in over last year's winter road - and that's another reason for the reduction in that figure. There was also some reduction in the amount of oil that went into God's Lake last year, which also adds to reduction in figures. I don't believe there is any reduction in the amount of consumer goods to be hauled

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(MR. McBRYDE cont'd) into those communities, which would be the important thing when you're talking about the cost to the people in the community.

The other point raised by the member was the concern about the company that had courage enough not to bid on any of the Northern Affairs' contracts, but received their land use permit from the government and built a couple of roads entirely at their own cost. And I would want to know what the member would recommend that the government do for people with such courage, when the government has determined that there are certain routes that will be followed and asked for contracts on that, and somebody goes out on their own without any contract and builds a road - that what he would recommend the government's position be in that matter.

The other matter that the member raised was the distribution points of goods. And here, in this case, he is presenting the argument basically of the community of Ilford, but more realistically the argument of Mr. Kip Thompson of Ilford in regard to the use of that community as a distribution point. When I quoted some comparisons of figures for the cost per ton last year of hauling goods from Ilford to York Landing and Split Lake, the member will recall that it was \$67.21 as our calculation per ton. The next highest figure was a figure of \$49.29 per ton for hauling goods, and that figure, Mr. Chairman, is based on the road from Ilford to Oxford House which was a very difficult route because of the number of rivers crossing that route. They're actually going against the terrain of the country rather than with the terrain of the country, and it might have been good enough for a tractor-train route but it was a very expensive route in terms of a truck route.

The other problem with Ilford as a distribution centre is the fact that there are no roads leading to Ilford, so the companies - and there is no change in the other supply, that is, the companies still ship by rail from Winnipeg. It wasn't as if they had switched from Thompson or The Pas or some other northern centre, the main supply of these goods, but the goods would be shipped from Winnipeg on piggyback by rail to those centres. And the truckers had considerable problems in terms of the time it would take via rail and the cost of hauling by rail - for example, the cost, rather than going up this past year to get goods to Oxford House, went from \$49.29 per ton to \$30.18 per ton via the new route. This new route was not pioneered by the department. Basically the two Indian Bands, the Cross Lake Indian Band and the Oxford House Indian Band, made a proposal to us last year for an experimental light traffic road between those communities. That experimental road worked out quite reasonably, we got cost-sharing with it from the Department of Indian Affairs, and this route was just much more efficient than the other route. This route then would employ people likewise from remote communities - from the communities of Cross Lake and communities of Oxford House and Garden Hill - in the construction of that road. So there was some increase in the beneficial effect of employment in remote communities in terms of the construction of that particular route, and there was a definite saving in terms of time and dollar cost of changing that particular route.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Can the Minister - he said that there was a cost-sharing on those two routes - can he indicate in the estimates here how much cost-sharing was involved and where the recovery is from the Federal Government in the estimates?

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: The cost-sharing was received this year. Last year we received some cost-sharing on an experimental route from Cross Lake to Oxford House and that was a, I believe, an expenditure of \$25,000 by ourselves and \$25,000 from the Department of Indian Affairs. This past season we received cost sharing on those roads built by Me Ke Si, the Me Ke Si Construction Company, and the other roads that were not built by them were not cost sharable.

MR. GRAHAM: Is the total cost included in the figures that you have given as the cost, or is it just the province's share that is reflected in the figures that you gave us in the cost of transportation?

MR. McBRYDE: There is a little bit of a problem with the costing for winter roads, because the winter roads' season extends slightly beyond the end of the fiscal year and so there's a real problem of making comparisons betwixt the two years. So that figure that appears in the book is the net amount.

MR. GRAHAM: Well, Mr. Chairman, there seems to be some question then about the -

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(MR. GRAHAM cont'd) when the Minister quotes a figure of \$30.00 per ton, then it's somewhat questionable whether the full cost is reflected in that figure or whether it's just the province's share that's being reflected.

MR. McBRYDE: The reflection is not within the budget book but the reflection is in the figures in terms of the cost per ton of hauling. The total cost of the road is taken into effect. The reason that the figure is shown in its total in the budget book is that, yes, we had an agreement with the Federal Government last year in terms of the cost of the roads built by Me Ke Si. There is no guarantee that we will have a similar agreement this year for the roads built by Me Ke Si. Aside from that, although I have to show the full amount here, I'm hopeful that the Federal Government will agree to cost share on all winter roads for next season, but we don't have anything in writing like we do under the Northlands Agreement or the Special ARDA agreement so we can't show any figures of definitely being recoverable at this time.

MR. CHAIRMAN: Resolution 94(b)(1)-passed; (2)-passed; (b)-passed. (c) - pass? The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, I just had one question on the Airstrip, Airport Construction. Can the Minister indicate how many airstrips are under construction at the present time and how many more are proposed in northern Manitoba?

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Yes, Mr. Chairman. This year's construction includes the following locations: Brochet, South Indian Lake, Pukatawagan, Cross Lake, York Landing, Red Sucker Lake, Little Grand Rapids, Berens River, Garden Hill and Shamattawa.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. McGILL: While we're on this question, could the Minister tell me how he sees the difference between an airport and an airstrip? I'm wondering why airport is used here, and how many airports has the department been involved in.

MR. McBRYDE: . . . one is better than the other. There's three or four sort of standards used, and I can't recite them off the top of my head. There are the two airports for sure that receive MOT approval and therefore some cost-sharing from MOT, that's Norway House and Island Lake, so those would definitely be in the airport category.

MR. CHAIRMAN: (c)-passed. (d)(1) - The Honourable Member for Minnedosa.

MR. BLAKE: Mr. Chairman, I was on (c) yet. I just wanted to ask the Minister if this covered all of the grants to airports or just in the North - or airstrips.

MR. McBRYDE: No, Mr. Chairman, there is a Provincial Government program run by Northern Affairs which says that an emergency airstrip will be provided to any community in Northern Manitoba as defined in the Northern Affairs Act, that does not have road access - of communities of over 100 people that do not have road access. The airstrip program operated by the Department of Industry and Commerce is a loan program to local airports.

MR. CHAIRMAN: (The remainder of Resolution 94 was read and passed.)

Resolution 94. Resolved that there be granted to Her Majesty a sum not exceeding \$2,883,300 for Northern Affairs. Passed.

(Resolution 95(a) and (b) passed.)

(c)(1). The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, under Community Services, I believe is where the I.C. program comes in, is it not?

MR. McBRYDE: The Extension Services, 95 4(b), the item under which . . . the Community Services is the co-ordinators, northern co-ordinators.

COMMITTEE OF SUPPLY - PUBLIC WORKS

MR. CHAIRMAN (Mr. Walding): Order please. I direct your attention to Page 42 of your Estimate book, Department of Public Works, Resolution 98(a). The Honourable Minister.

HON. RUSSELL DOERN (Minister of Public Works) (Elmwood): Mr. Chairman, just before I begin, I have an extra 10 copies of our annual report so perhaps we could have them distributed if anyone wants a copy.

MR. McKELLAR: Mr. Chairman . . . has your annual report been tabled?

MR. DOERN: It was tabled and we're still waiting I think a few days yet from the final glossy copy; it will be exactly the same as this except with illustrations, etc.

Mr. Chairman and members of the committee, the Department of Public Works is a

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(MR. DOERN cont'd) service department, it must respond to the demands of existing expanded or new programs generated by line departments. I'm pleased to report that we have met this challenge in the past year and I am optimistic that our performance will prove to be even more effective during this current year. Our service is a major expense to government and every effort is being made to restrain spiralling costs through more efficient methods, procedures, and organization.

During 1974-75, we were faced with exceptional inflationary factors of this order. I think members would find this of some interest. For example, in mechanical and electrical supplies, there is a 22.5 percent increase in price. Carpentry, locksmith, paint supplies, 25 percent. Paper and housekeeping supplies, 20 percent. Contracted services such as cleaning and elevator services up 10 to 23 percent. Hydro electric service up 20 percent. Water, 5 percent. Furniture and furnishings, 15 to 20 percent. And by far the most staggering statistic, fuel has increased between 30 and 110 percent. The average we estimate to be about 60 percent.

Faced with these factors, we were obliged to seek special warrants in the amount of \$2.7 million, bringing our actual expenditures to just under \$19 million in 1974-75. The budget that is before you reflects two things: First, the present level of service incorporating known inflationary factors, and second, a modest increase in the level of service due to new and expanded programs. To give you some idea of the workload we face, we are responsible for over seven million square feet of space and several hundred acres of grounds and parking lots. I might point out that that is not necessarily lease space, it includes Red River Community College and other large facilities along those lines.

To provide for service of this magnitude, the whole spectrum of employment skills are required: professionals, tradesmen, labourers, caretakers, clerks, and so on. The department by its very nature is dependent on people and the skills they possess. Our success in providing a high level of service is a result of dedicated and efficient staff at all levels.

Since last reporting to you, there has been one significant change in the organization of the department. We have set up a separate Central Services Division bringing together under one director the central provincial garage, the office equipment branch, the purchasing bureau, telecommunications and the post office, plus one new activity, a materials branch. Mr. Chairman, this organization will form a nucleus of the total materials management program which is long overdue. You might consider this new organizational structure as phase one of our move into materials management and this phase should be completed by this year's end. Phase two will be a gradual assumption of responsibility for the procurement, storage, distribution, and inventory of materials now conducted under the aegis of individual departments.

One little known aspect of the department is the fact that we do generate revenue. You are aware that many of our programs are self-supporting. For example, the central provincial garage, the office equipment branch, and the land acquisition branch. We have further accounts receivable of well over \$2 million. The bulk of this revenue is generated at the Gimli Industrial Park with the remainder made up from the provision of services to the Frontier School Division, the rental of facilities to the Liquor Control Commission, MPIC, MACC, and the Textbook Bureau. There are several miscellaneous items such as revenue from our cafeteria outlets and employee housing.

On capital, just briefly, although there has been a general slowdown in capital project starts during 1974-75, there were still \$23-1/2 million worth of contracts in force at the end of April. We have several projects on the shelf ready for tendering. These projects can be deferred or brought on stream in response to the conditions of the construction industry.

And finally, a brief word on energy conservation. I have required my department first to report to me on a regular basis on the status of energy use in the hundreds of buildings for which Public Works is responsible. Based on information received, we have initiated a comprehensive program of energy conservation in the operation and maintenance areas of departmental activity. During the first year of its operation, 1973-74, the savings of energy amounted to 6.3 percent and during this fiscal year 1974-75, we expect similar results. This program can be considered to be in four parts with four distinct goals. These are, first, to improve efficiency in energy use. By applying improved standards of insulation and energy-conscious building design criteria, we are finding it possible to reduce the amount of energy consumed and lower the amount of energy lost by transmission through walls, roofs, etc. Second, to improve efficiency in energy conversion. This goal is being achieved by using

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(MR. DOERN cont'd) proven methods to finely tune our building heating plants thereby ensuring efficient combustion of heating fuels and minimal loss of returned condensate, etc. Third, to reduce unnecessary demands for energy. Government buildings now operate at temperatures approximately five degrees lower than formerly. Make-up air for ventilation has been reduced and conscientious efforts made to turn off lights and equipment when not required. Lighting levels have also been reduced. And fourth, to promote the use of hydro-electric energy. Our office buildings at Arborg and Beausejour most recently opened have been designed to use electricity rather than fossil fuels.

The department has . . . well, I think I'll skip another section and just finally mention our government fleet. We are gradually introducing more compacts and sub-compacts into our government automobile fleet. For example, we now have 65 sub-compacts and 92 compacts. Our standard size sedans have been reduced to 282 for use mostly north of 53. We long since established the intermediate sedan as the most suitable vehicle south of 53. Our aim is to build up the compact - sub-compact component of the fleet. We are presently looking at electric battery-driven vehicles in a serious way. We are analyzing the availability and suitability of such vehicles on a world-wide basis. I am interested in bringing five or six of these vehicles into the fleet for purposes of evaluation and experimentation.

MR. CHAIRMAN: Resolution 98 (b) (1) - passed? The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Chairman, there's just one question I'd like to ask. How many employees do you have in your department?

MR. CHAIRMAN: The Honourable Minister.

MR. DOERN: Approximately 1,200.

MR. McKELLAR: Are there any contract employees in your department?

MR. DOERN: Approximately 10.

MR. McKELLAR: Ten.

MR. CHAIRMAN: Resolution 98 (b)(1). The Honourable Member for Sturgeon Creek. The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I'm just wondering if the Minister could report on the status of the Gimli Industrial Park which . . .

MR. DOERN: That's listed under 101.

MR. CHAIRMAN: Resolution 98 (b)(1) - passed. (b)(2) - The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Mr. Chairman, I just would like to ask the Minister, there's an obvious considerable increase in this item over last year; I wonder if he could give us a little explanation on that.

MR. CHAIRMAN: The Honourable Minister.

MR. DOERN: Yes, this is an increase there of \$95,000 mostly in management services. We've done some studies and there are others being planned in terms of a departmental re-organization.

MR. F. JOHNSTON: You say \$95,000. I add that to \$133,000 approximately. \$94,100 to \$227,700.

MR. DOERN: I was reading the line ahead there (b)(1), but under (b)(2) yes, \$133,000.

MR. CHAIRMAN: Resolution 98(b)(2) - passed. (b) - passed. 98 (c)(1) - The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mention was made in the Throne Speech about your going to build new buildings for Autopac down in the central part of Winnipeg. Is this still the intention of the department to go ahead with that or do they build their own building? How will that be - you build the building, lease it to them, or how will that take place?

MR. CHAIRMAN: The Honourable Minister.

MR. DOERN: I believe there's an amount of capital allocated for that purpose and there is a plan to build a new building for MPIC and for the Motor Vehicle Branch, both combined. We don't really lease the buildings, we simply build it for those departments and then maintain and operate it for them as well.

MR. McKELLAR: They pay you on a monthly basis for rentals, or how . . . ?

MR. DOERN: Well, I guess I'm being corrected by my Deputy who says that MPIC will lease from us as a Crown corporation whereas MVB is handled differently.

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MR. McKELLAR: And the Bank of Montreal presently being used, leased space, and the Bank of Montreal on Portage Avenue for Autopac, do you arrange the lease and then they fund it to you?

MR. DOERN: No, they arrange their own lease and now they have had to extend it because, you know, you just can't put up a major building in 12 months, so they have extended their lease for several years and it will probably, you know, take us two to three years from now before you'll see a building completed.

MR. McKELLAR: On rental like that, would you have any idea what you're paying per square foot of space?

MR. DOERN: In the Bank of Montreal?

MR. McKELLAR: Yes.

MR. DOERN: Well, it would be a prime rate. I imagine it's of the order of \$7.00 or \$7.50 a square foot. This is the sort of going number one rate in Winnipeg today. We're starting to hear the \$8.00 figure coming in, the \$8.50, although we have a lot of space leased at \$6.00, \$6.50, \$5.50, etc. and even cheaper, but if you're looking for prime space, you're now looking at \$7.00 and up.

MR. McKELLAR: And what length of lease - do you have to go for a 10-year lease?

MR. DOERN: No, I think the original lease was five years and I believe that they have now possibly extended it another five so that it probably will happen that they will give up the building and move into the new facility and we will take over, possibly sub-lease if necessary - I must say sub-lease it commercially. But we will certainly have enough lead time to be able to ascertain that.

MR. McKELLAR: Mr. Chairman, one question I'd like to ask is regarding this building. The space formerly used by the library, presently vacated now, what use is going to be made out of that space here?

MR. DOERN: In this building?

MR. McKELLAR: This building, right next door.

MR. DOERN: Opposite us just across the way here, we tend to have a hearing room almost identical to this. I'm being pressed by the Speaker for another room. He believes that we're short public hearing rooms and it's also not advisable to be trucking in and out some of our audio equipment, and we have a demand for space just from the public occasionally for meeting rooms. So that will be one purpose and then some of the other rooms that go out of here, we will be using that for storage space or offices.

I have to point out though that in case anyone isn't definite, that the attractive library, the three-storey or whatever it is, that enchanting Charles Dickens type central library room will remain. That is not going. That will remain for members and the public. It's the reading rooms and the ancillary rooms that are going. And they are going very shortly incidentally. I'm told most recently that they expect to be moved by July 15. Now that's assuming they meet the deadline.

MR. McKELLAR: Regarding the basement, you mentioned that you're putting in a new dining room. Is that plan still going ahead?

MR. DOERN: Well, we're now, I must say that that is moving a little slower than I would be happy about or it's taking longer maybe than we anticipated. We have moved out some staff from the other end of the hall. We have the sort of cafeteria, which is more or less directly below us, and the kitchen. Now we are developing the other side of the kitchen for I think about double the space that the cafeteria now has. So the first phase will be to complete that. That is now being done but it will take a couple more months. Then we'll enlarge the kitchen. Then we will move out the cafeteria side into the new quarters and then begin the development of the space for an MLA's restaurant. And I look forward to that day, I can tell you.

MR. McKELLAR: Well, another question is the lighting around the building. You know, I often wonder why somebody wouldn't hit me over the head some night because it's so damn dark when you walk out there. I was just wondering, with all the mercury vapour lights in existence today, the old lighting system out there with the candelight, is there any thought in mind of lighting the building up and the area around for the protection of the public?

MR. DOERN: Well first of all, I guess you're not as romantic at heart, Earl, since you got married . . .

MR. McKELLAR: I'm sure not. I'm too old for that.

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MR. DOERN: In the old days, when you were a bachelor, in the old days, you had a different attitude. But I would agree with you. I've received some complaints from some of your fellow party members that it was quite dark at the front and I agree with that. I'm one of those who uses the Assiniboine side so I don't sort of see sometimes what goes on at the front. But I have asked Mr. McMillan to look into that and I think we're probably developing some plans to better illuminate the front of the building and possibly the Assiniboine side, but I don't visualize the day when you come here and it's sort of like broad daylight, you can play tennis and baseball any night. I also don't feel a responsibility to illuminate the riverbank. You know it strikes me that anybody sort of walking around in the bushes or down the side of the bank, they're just asking for trouble and I don't believe that it's our responsibility to have brightly lit grounds with enough illumination to be able to read a book. But I do agree with you that I think that it's a little dark on some sides of the building and I start with the front. And we will look at the whole area again.

MR. McKELLAR: That's all the questions I got on this section.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I wanted to ask the Minister if he could outline at this stage what plans there are in terms of the continuing development of office space or facilities within the area of the Legislative Buildings and to what degree that may affect or not affect the residential proportion of the area that is to the east of us?

MR. CHAIRMAN: The Honourable Minister.

MR. DOERN: Well, it's not an easy question to answer because, as you know, we have had discussions for several years - it seems like it's about two years now, with Great West, and I really don't know, you know, what will happen there. They had a projected deadline with the CNR of May 1st, 1975, for final decision making. They appear to have extended that deadline and I haven't met with them in a formal sense for at least six months. So it's possible that they could pull out and develop the CN site in conjunction with them and that we could purchase their site. But that depends on the price and the terms and whether or not they are to go forward.

MR. CHAIRMAN: Order please. It's time for us to rejoin our colleagues in the House, so that the committee may rise.

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MR. CHAIRMAN: The hour being 5:30, Committee rise and report. Call in the Speaker.

Mr. Speaker, your Committees of Supply have considered certain resolutions, directed me to report the same, and ask leave to sit again.

IN SESSION

MR. SPEAKER: Order please. The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Emerson, that the reports of the Committees be received.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, the House is now adjourned and stands adjourned until 10:00 a.m. tomorrow morning. (Tuesday) Municipal Affairs at 8:00 p.m. tonight.