

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, October 6, 1969

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Notices of Motion; Introduction of Bills; Orders of the Day.

ORAL QUESTION PERIOD

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

MR. WALTER WEIR (Leader of the Opposition)(Minnedosa): Mr. Speaker, I wonder if I could ask the First Minister if he would be kind enough to provide members of the House with copies of the presentations that he made to the groups that he spoke to in Toronto, Montreal and New York last week, please.

HON. ED. SCHREYER (Premier and Minister of Industry and Commerce)(Rossmere): That should be possible, Mr. Speaker, and accordingly I'll attempt to do that.

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

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Speaker, I would like to direct this question to the Minister of Transportation. Could the Minister inform me of the position of the government with regard to the issuance of new licence plates for the year 1970? I asked this question this afternoon and I got no answer. Many farmers have battered licence plates on their trucks and they would like to know if it's possible.

HON. JOSEPH P. BOROWSKI (Minister of Transportation)(Thompson): Mr. Speaker, I indicated during this afternoon that I will not answer any questions from the Opposition. It seems every time I do, the House breaks out into an argument and much precious time is wasted in arguing back and forth. Thousands of dollars of taxpayers' money has been spent in answering asinine questions from the Opposition, and I will not undertake to answer any of their ridiculous questions.

MR. WEIR: Mr. Speaker, might I enquire of the First Minister if this is a satisfactory policy for one of his Ministers?

MR. SCHREYER: Mr. Speaker, regardless of what my personal opinion might be, the Honourable the Leader of the Opposition knows that it's entirely up to a Minister whether he chooses to answer a question or not. I've seen Ministers refuse to answer questions in the past.

MR. WEIR: Mr. Speaker, I wonder if the First Minister would say that he has seen Ministers say, before they heard the question, that they refuse to answer it. There is a difference, Mr. Speaker, between refusing to answer all questions and refusing to answer a particular question.

MR. SCHREYER: Well, that's true, Mr. Speaker. I would think it strange if a Minister indicated that he wasn't going to answer a question before it was even asked, but I don't believe that was the case.

MR. WEIR: Mr. Speaker, if I heard the Minister of Transportation correctly, it was the case that he indicated he was going to refuse to answer all questions.

MR. BOROWSKI: Mr. Speaker, the Leader of the Opposition just proves my point. The minute I get up and say something, we have a big argument on our hands. That's why I don't want to answer any questions and we can get out of this House much sooner.

MR. WEIR: Mr. Speaker, I wonder if the First Minister would agree that the House is a place to have arguments on points of principle and differences of opinion.

HON. AL. MACKLING (Attorney-General)(St. James): Mr. Speaker, I would like to point out that you, Mr. Speaker, have admonished the members of this House in respect to questions that have been put in this House as being provocative, argumentative and so on, and continuously questions have been phrased from the Opposition on clear cases of government policy and they know that they're out of order before they're even asked, and this is the type of question that was just put to the Honourable Minister of Transport - a question dealing with policy.

MR. GRAHAM: Mr. Speaker, in all due respect to the Attorney-General, I believe my question was an honest question....

MR. SPEAKER: Order. I'm wondering if this matter has not been pursued at sufficient length. A question was put to the Honourable Minister; it was put to him earlier, he chose not to reply; he chose not to reply tonight. It is apparent that it is not the intention of the

(MR. SPEAKER cont'd.) . . . . Honourable Minister to reply, and perhaps if the honourable members have any other questions to put to the government we may proceed with other questions.

The Honourable House Leader of the Liberal Party.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I wish to be heard on a point of order. My point of order is that the Minister of Transport, in his statement as to why he wouldn't answer a question, stated that there were thousands of dollars being wasted by - and I perhaps do not have the correct wording, but I presume he meant to infer that thousands of dollars are being wasted of the taxpayers' money by the asking of questions that he does not consider to be serious and relevant, and I would like to state most emphatically, Mr. Speaker, I reject that statement by the Honourable Minister. In speaking for members of our group, when we direct a question to him we direct it in seriousness and we expect a serious answer. Now I'm not saying from time to time that there is not some frivolity entered into the proceedings. I'm not saying that. But I'm suggesting, Sir, that a question period has its place in this House and in my opinion it is not money wasted. The staff are paid by the session, the members are working here at half indemnity, and I consider the Minister's remarks to be quite incorrect and inaccurate.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): Mr. Speaker, on the point of order, I believe that if my honourable friend would take a look at Beausheune he would find that it is a Minister's prerogative either to or to not answer a question on Orders, all or any, according to Beausheune. I'm sorry, Mr. Speaker, I haven't the citation number before me at the present time - I'd be glad to look it up - but I do believe this is in accordance with Beausheune and other authorities, so I just raise this on the point of order that has been raised. Now it may be argued, as undoubtedly it would be argued, but I do in all seriousness suggest, Mr. Speaker, to my honourable friends opposite, and friends opposite, and friends on this side of the table, this side of the House as well, that there is provision contained within Beausheune dealing with the matter of the conduct of questions in the House and it is the prerogative of the Minister to accept, decline, or not answer questions on Orders of the Day.

MR. G. JOHNSTON: Mr. Speaker . . . I was saying. I agree in part with the House Leader but I'm speaking to the statement made by my honourable friend where he considered members of the Opposition are wasting thousands of dollars by asking questions.

MR. SPEAKER: Order please. May I remind the Honourable House Leader that on the question of whether a question is frivolous or not, whether it's admissible or inadmissible, it is not the responsibility of any Minister of the Crown to make that decision but that is my responsibility, and if a question is asked and it's allowed to be asked, then I think it ought to be regarded as an acceptable question.

MR. PAULLEY: Mr. Speaker, if I may; I do not wish to argue with you. I think you're right as far as frivolity is concerned. I merely raised the point as to the answering of the question by a Minister as contained in the provisions in Beausheune.

MR. SPEAKER: . . . Honourable Minister's comments?

MR. WEIR: May I ask the House Leader if it is his belief that Beausheune allows for a Minister to stand in his place and announce that he will not answer any more questions from the Opposition?

MR. PAULLEY: Mr. Speaker, all I said was that according to Beausheune it is the prerogative of the Minister, or a person to whom the question is directed, either to or to not answer the question. This is Beausheune. There may be qualifications.

A MEMBER: You're out of control.

MR. PAULLEY: I beg your pardon?

A MEMBER: You're out of control.

MR. PAULLEY: Am I? My honourable friend . . .

MR. JAMES H. BILTON (Swan River): Mr. Speaker, on the same point of order and referring to what the Honourable Minister had to say this evening, I'm sure he doesn't realize that possibly he is placing members in the position where, in the interests of their constituents, they may ask a question which has to do with his particular department. I hope he will think better of the opinion he gave a moment or two ago and that as and when questions are asked, I feel sure that he will rise in his place, and I hope probably we can get on with the business of the House.

MR. BOROWSKI: Mr. Speaker, may I just reply to the Leader of the Opposition. When I made that statement I did not include . . .

MR. SPEAKER: If I may remind the Honourable Minister, I feel that that matter is closed. May we proceed with . . . .

MR. BOROWSKI: Well, I would like to answer the question if for no reason than to prove a point.

MR. SPEAKER: The Honourable Minister is answering a question put to him.

MR. BOROWSKI: The question asked was what are we doing about licence plates for next year? Was that the question? The member knows very well that the previous administration has purchased licences for the next year and there's nothing I can do about it - you know this very well. And this is what I mean about the type of questions that are asked to get an argument going. The money has been spent; we have the plates for next year; there isn't anything I can do about it.

MR. SPEAKER: The Honourable Member for Birtle-Russell, a supplementary question?

MR. GRAHAM: I wish to thank the Minister of Transportation for the information.

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet): Mr. Speaker, before the Orders of the Day, I would like to table or file for the House copies of the Report on the Agricultural Situation in Manitoba at the present time, in accordance with a commitment which I gave to the House two or three weeks ago.

If I may, Mr. Speaker, I would like to make a few brief comments, and hopefully the members will have an opportunity to peruse the report and raise questions perhaps on Orders of the Day tomorrow or some time later on in the session.

It's not my intention to review the details at this time but simply to table the report, the details of which will become known to members opposite just by going through it page by page. The report does indicate, however, that while there is a serious over-all situation insofar as the cash income of Manitoba farmers is concerned, that most of the serious situation is being faced by those farmers who depend upon grain as their major source of income. Work subsequent to this study suggests that we have approximately eight to nine thousand farmers who rely rather heavily on grain as their major source of income, and it is this group who will experience the greatest difficulty in meeting cash expenses during the coming year. The cash receipts from livestock has been reasonably constant over the last three years and is expected to show an increase of some \$18 million in 1969. This has been a bright spot so far as the total picture is concerned and we find that those who have any substantial amount of livestock are not in a difficult situation at the present time.

In this report you will note that we have examined the impact that the current situation will have on agricultural related business in Manitoba. The report deals in particular with credit institutions, fertilizer, chemical, supply companies and machinery wholesale and retail dealers. As I'm sure everyone will agree, the agricultural industry in this province does have a significant effect on other sectors of the economy and this study certainly confirms that the difficulties being experienced in our grain marketing are reflecting themselves very directly on related business.

I do not wish to expand any further, Mr. Speaker, on the report at this time but would like to indicate that we shall be introducing measures, or have already introduced some measures at the provincial level which are aimed at alleviating some of the difficulties pointed to in this report, and also that we shall be urging that the Federal Government play a more active role in meeting the needs of Manitoba farmers.

#### ORDERS OF THE DAY

MR. SPEAKER: Orders of the Day.

MR. PAULLEY: I wonder, Mr. Speaker, if you would kindly call the adjourned debate on the proposed motion of the Honourable Member for Elmwood dealing with the report on the Committee on Ways and Means standing in the name of the Honourable Member for Rhineland.

MR. SPEAKER: The proposed motion of the Honourable Member for Elmwood that the report of the Committee on Ways and Means be received. The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I had intended to speak on the matter of alternative sources of supply that might be available under the terms of the budget. I have already used up some of the material that I was going to use in that particular debate. I still would like to carry on, though, with one or two items. However, I'm not sure at this point

(MR. FROESE cont'd.) . . . . whether this is proper. In conferring with the Clerk, I'm not sure at this time whether it's quite in order to debate matters of the budget. It was passed, although this particular matter was referred to that Committee of Ways and Means and we did not take up the matter in Ways and Means. All we did was go to committee and come back, and no doubt report progress. No debate took place in that particular committee.

The matter of taxing was very fully discussed, both in the debate on the budget and also on the bill that is presently before us which is . . . .

MR. SPEAKER: May I remind the honourable member that the motion before us is that the report of the Committee on Ways and Means be received. There was a motion that the Speaker leave the Chair, which was passed; the Speaker did leave the Chair; the committee sat and reported progress. And this is the motion pursuant to that report from the committee. So I must remind the honourable member that debate on the budget or matters relating to it, in my opinion would be out of order. . . . his debate, I would urge that he do contain his debate within the terms of the motion.

MR. FROESE: Well, the report is to report progress in connection with the budget, and therefore I fail to see that we cannot debate certain aspects of it because this encompasses or constitutes . . . .

MR. SPEAKER: . . . with an honourable member; it's report progress of the sitting of the committee.

MR. FROESE: In that case, I will use my notes and speak on another occasion when we will be dealing with the Supply bills, the money bills that will come forward, and contribute my remarks at that time because I think they're, too, much related to the budget and to the matter of Supply.

MR. GILDAS MOLGAT (Ste. Rose): Mr. Speaker, if I may on a point of order, merely for the sake of future decisions here in the House, is it not admissible that on the report of a committee, be it the Committee of Ways and Means or be it Law Amendments Committee or any committee that reports back to this House, that a member of the House can rise and speak on whether or not he feels that the report of that committee should be proceeded with, and that as long as he is phrasing his comments in terms of disagreement or agreement, if he prefers, that the report of the committee be received, that he is in fact in order. Now I merely rise so that if we establish a precedent by decision now, that we know what we are doing for future cases.

MR. PAULLEY: Mr. Speaker, on the point of order raised by my honourable friend the Member for Ste. Rose, who I do not believe was in the House at the time that this procedure took place. It happened to be that at the termination of the eight days of the budget debate, and of course the proper motion was that the committee resolve itself into a Committee of Ways and Means; during the eight-day period, there was ample opportunity for discussion on the budget per se. At the termination of the eight days, the Honourable Member for Elmwood took the Chair as chairman of the Committee on Ways and Means. Immediately after taking the Chair I moved, as House Leader, that the committee rise, and in accordance with the procedures of the House, the Honourable Deputy Speaker and the Member for Elmwood moved a report that the report from the Committee on Ways and Means, which in essence was a nil report, be received, so therefore there was no substance in the report itself except that the committee had, in effect, gone into being for about three seconds, I believe, came out, so his report was in essence a nil report. I agree with my honourable friend the Member for Ste. Rose that if there is any substance in the report then it is open for debate, but this particular case I just want to point out to my honourable friend, Mr. Speaker, if I may, the Member for Ste. Rose, the circumstances and the basis of this report which is now being debated or suggested by my honourable friend. I trust . . . .

MR. SPEAKER: . . . the point of order raised by the Honourable Member for Ste. Rose and the historical account of the Honourable Minister of Labour, but may I remind the honourable members that there is no point of order on the Speaker's ruling.

MR. PAULLEY: . . . Mr. Speaker, that the question should be put.

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

MR. PAULLEY: I wonder now, Mr. Speaker, would you kindly call the adjournment on my resolution dealing with the special committee of the House, held in the name of the Honourable House Leader of the Liberal Party.

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

MR. G. JOHNSTON: Well Mr. Speaker, I checked over the dinner hour the contents of this resolution and I have nothing more to say at this time so I will let it go.

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

MR. PAULLEY: I wonder now, Mr. Speaker, whether you would mind calling the resolution standing in my name dealing with the question of the Standing Committee on Economic Development, standing in the name of the Honourable Member for River Heights.

MR. SPEAKER: The proposed resolution of the Honourable Minister of Labour. The Honourable Member for River Heights.

MR. SIDNEY SPIVAK, Q.C. (River Heights): Mr. Speaker, I think members on this side have waited for some time for this resolution to be brought forward. I think it's unfortunate that the resolution was brought forward at what can be considered almost the end of the session. The reason for the desire for such a resolution to be brought forward was that I think it would have been wise in the deliberations that have taken place so far in connection with economic matters and items that affect economic matters, if we would have had the opportunity for the Standing Committee as now proposed to have been in session and to have given us the opportunity to have the expert evidence presented to us dealing with the items that were before us. The purpose of having the expert evidence come forward at the committee sessions to give us the benefit of their advice and information is so that we would properly have in front of us the information necessary to deal in a meaningful way with the items that have to be settled and solved and debated in this House.

I must say, Mr. Speaker, that I think we on this side welcome the fact that the government has now committed itself to the standing committee concept on economic development. I may say as well that if this committee functions properly it will probably become one of the most important and significant committees on this House, and I would hope that the true spirit of the TED Report in connection with this recommendation will in fact be followed by the government in allowing it free scope to deal with the economic matters that are before us, and I must say that because there is some evidence already, in the statements that have been made, that the TED Report is going to be used by the government to further those matters that they think are important in their mind, but not necessarily in other matters. We have had the evidence already that we have to look scrupulously and judiciously at the TED Report's recommendations that Manitoba has to be competitive in its taxing position and competitive with the two prairie provinces with respect to estate tax. We find that that has to be ignored because that's not accepted by the government but, on the other hand, they are not only prepared to accept, but they're prepared to accept and then alter, the recommendations dealing with the Committee on Economic Development in which they will now allow the review to be made of some of the items that have been challenged over and over again in this House in connection with the Manitoba Development Fund.

Now Mr. Speaker, I suggest that we on this side are quite prepared to endorse this resolution. We would hope that the standing committee would be called into session immediately. We would hope that the organizational meeting will allow for some meaningful discussion to take place during this session, and I would like to, if I may, deal with some specific matters and the manner in which I believe the committee should function.

First, I believe that the committee should have the opportunity to hear the testimony of the Deputy Minister of the Department of Industry and Commerce; first, to present a review of our economic activities in this province; secondly, to deal with the problems that concern the various sectors of the Manitoba business community; and to thirdly, deal with an evaluation of the ADA program that is a Federal Government designated program in the past, and to give us the evaluation of what they suspect will be the future application of the ADA program. The suggestion has already come from this House that the government should introduce a complementary ADA program to deal with northern development, and the suggestion that has been made is that the government fund between \$15 or \$20 million for a program that would be similar to the Federal Government's program but would cover the area of the north that is not included, because it is recognized that some of the major power intensive industries that could be attracted to this Province are more likely to locate in northern Manitoba, and if we are not successful in having such an incentive program available, it is probably that other areas in Canada where they are available, or other provincial areas where there are provincial government programs that are available, that will put us in an uncompetitive position and, if necessary, in order to get the balanced regional development that is required in this province,

(MR. SPIVAK cont'd.) . . . . to consider that kind of a program, it would be important I think for the members of the committee to deal and listen to the Deputy Minister of Industry and Commerce and the other officials from the department who could, I think, spend some time and give some evidence in depth of the problems when faced and try to make things happen in this province; and I repeat - and try to make things happen in this province.

I think it is well that the standing committee should call the chairman of the Manitoba Development Fund and he should appear as a witness along with other members of the Board to present a report on the activities, give a review of the Fund's operations, and to deal with the new directions that the Fund board and the Fund chairman may think should be undertaken. Now in that sense, I think that the chairman of the Fund should also appear before the committee as the chairman of the TED Commission, and while I suggest that TED may be dead - and I say that again, it may be dead - nevertheless the chairman is alive, so are the chairmen of all the advisory committees, so are all the advisory committees and so are most of the people who dealt with one phase or another of the TED Report, and I think that the chairman, along with the chairmen of the advisory groups, should appear before the committee so that we would have the benefit and the ability to be able to discuss with them the manner in which they reached the conclusions that they did in the report, setting forth the targets that have been set and, in the course of doing this, become familiar with the manner in which they approached it and see whether in fact there can be a contribution made to our thinking. And I would suggest that if the Standing Committee on Economic Development has been held, and at least been formed, and a meeting and sessions have been held, and we would have had the benefit of those who dealt with the chapter on capital mobilization and on taxation, that that would have been a great contribution to the debate that has taken place about the effect of taxation on corporate decisions to either expand or locate in Manitoba, and notwithstanding the statements that have been made and the sort of flighty way that this matter has been handled by some members, that those who were as concerned as anyone in seeing to it that we develop in Manitoba the proper economic climate, that they would have been prepared, they would have at least had the opportunity of hearing people who have some expertise in this matter and who could have made, I believe, an over-all contribution to the debate that occurred.

Now I think as well that as soon as the standing committee is organized that the Manager of the Manitoba Hydro and the officials of the Hydro should appear as witnesses so that we can examine the policy of Hydro to meet the power requirements of industry, the power requirements that are anticipated and the power requirements that may occur if other things happen and if we are successful in attracting power intensive industries. In this connection, I think it would be important to discuss in the standing committee the full potential of the uranium enrichment development for Manitoba and for northern Manitoba, the competitive position of Manitoba in this connection with other provinces if such a development will take place in Canada, and whether in fact we are going to be in a position to be able to supply both the rate of power and the amount of power that's necessary and we are going to be able to have it on stream on time, to be able to take advantage of obviously something that has been identified for Canada. And here, in this respect, I believe that it would be wise to have the chairman of the TED Commission present.

I think it would be important to have before the committee as witnesses, the Regional Development Corporations, to be able to make their presentations of their problems in economic development within the region, because they are not all the same and I think it's important, if we are going to understand how we develop programs for balancing regional development, to have some comprehension of the problems in each area, and how then it would be wise to advise, and how then the government can in fact deal with these problems. I think in this connection it would be very important for the Industrial Development Board of Greater Winnipeg who, although they are not a regional corporation - and I think consideration may have to be given to that - but who are not a regional corporation, that they should come forward and they should be asked to make a presentation so we have some understanding of the problems of having industrial development occur in Greater Winnipeg; the problems in the past, the more likely prospects in the future as a result of the ADA changes, and the problems just generally of dealing with the maze of bureaucracy that prevent development from occurring here, and I think this would be important because I suspect that in the evidence that would be submitted and the examination of the witnesses that would come forward, we would have an opportunity to fully understand and comprehend the manner in which the bureaucratic machinery has really

(MR. SPIVAK cont'd.) . . . . prevented growth in this province, and I suggest continues to prevent growth.

Now, having talked in a very brief way about some of the people who I think should be called as a witness, and trying to indicate to the government and to the House Leader that this is important that this happens now, notwithstanding the fact that this is the end of the session, that we have a real opportunity for these discussions to be held so that there will be something meaningful develop as a result of it, I think that we should address ourselves to some specific problems, and these are not all of them but they are worthy of consideration by the standing committee.

How do we build the agra food business in Manitoba? Now what really is the effect of provincial and municipal taxation on Manitoba's economic development? And what are the effects of tariffs? I was very interested to hear the comments of the Minister of Mines and Natural Resources the other day when he talked in terms of the tariffs, but I wonder if he really is correct in what he said and I wonder whether we really have had, as members of this House, sufficient evidence to deal with the problems of tariffs, the problems of freight rates, the continuing problems of freight rates, the problem of rail line abandonments on Manitoba's economical development. And the other interesting thing and I think, in view of the discussion that's taken place, probably one of the critical things because there is some confusion on the government side in this, how important is American investment to Manitoba today and how important is American investment going to be in the future? And I think we should be presented before the committee the pertinent statistical information which would indicate the exact nature of the American investment today and how it was developed, so we understand it from a historical perspective and then we can make the judgments that are going to have to be made based on some knowledge that is correct and accurate and some advice from people who have some expertise in this matter.

I think we require before the Standing Committee on Economic Development a sector by sector analysis on the state of Manitoba's industry with particular reference to how we can increase Manitoba's entrepreneurship. We have heard here in this House recently, and we have heard outside by so-called experts, declarations that Manitoba has lacked the entrepreneurship that's necessary, and there probably is a great deal of truth in that, but nevertheless we must now understand what do we have to do to encourage that entrepreneurship that we are not now doing, or is what we are doing sufficient? And obviously the answer has to be that whatever we are doing it can't be enough because there is more that can be done. But in this connection it's important for the historical perspective to be understood of the availability of credit to Manitoba entrepreneurship whether it be in agriculture, and we now have before us a new bill with a new agricultural policy - we'll be dealing with that in the future - but nevertheless indicative of the fact there's some new change that's required for government funding, which means that the credit availability was not present or is not likely to be present unless there is government intervention, and I suggest that the Standing Committee on Economic Development must have an analysis of the credit facilities that are available in Manitoba, how it is operated, how it is likely to operate in the future, and what changes if necessary are needed to be able to satisfy our needs and to be able to develop the kind of entrepreneurship among our own people so that they can continue to make things happen in this province and, out of this, develop the economy, develop and be able to sustain and allow the rise in incomes that must occur, and at the same time create the job opportunities to hold the people in Manitoba.

In this respect, the questions of productivity and how we achieve productivity in Manitoba must be understood by all the members of the Committee and by this House, and we must understand the continuing commitment of government for this, and it would be important I think to have before the committee the experts that could be called in this connection so that we could deal with the issue of productivity in a meaningful way, and here may I make a suggestion that would be very important for our point of view if we are really going to become effective people in this area; for us to be able to draw on the Economic Council of Canada and to be able to, if we can, solicit the help by allowing them to bring the experts from the Economic Council of Canada, including its chairman, before the committee so that we can deal in a very meaningful way with the problems of productivity which they have identified as one of the key factors for economic growth in Canada - and this would apply equally as well in Manitoba - so that we can make the assessment of what additional programs are required. I think it is necessary to call those who are involved in education before the committee so that we can understand whether

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(MR. SPIVAK cont'd.) . . . . the training programs for industry and the programs in education are really allowing the people who are taking them the opportunity to be able to be educated with a trade and then enter properly into our educational system.

I think, as well, that we should have before the committee those who've been concerned with the problems of our native people in industry. I think we should have before the committee the native leaders who can give us the benefit of their advice. There's obviously an area here in which we are not succeeding as best we can in solving that problem, and this is a problem that is going to plague us unless we start to deal with it in a very effective way, and I believe as well that as a result of this, and as a result of such testimony and briefs, that a standing committee probably could make very significant recommendations of new programs that could be sponsored.

I believe as well that we should deal with a standing committee with the question of immigration, because the question has to be posed: does Manitoba need new people for growth? TED seemed to indicate it does. TED indicated fantastic growth targets which can only be based on increased immigration, and I think in order to be able to evaluate our situation today, evaluate the problems we have with those who require upgrading and training to be able to give them an opportunity for an effective life, an effective job in Manitoba, we have to assess and evaluate our immigration programs and then understand the significance of that program in the context of the total economic development program that is before us.

Well, Mr. Speaker, I've only dealt with a few, but not all of the items -- (Interjection) -- No, I want the House Leader to know that I only dealt with a few and if it wasn't for the fact that it's so late, I probably could continue for the remaining time allotted to me. -- (Interjection) -- Yes, I realize how intently you're listening to me. But however, I'm suggesting, Mr. Speaker, that the programs that I've dealt with are only a few of the items that should be dealt with by the committee. They are all significant. They are all important. Insofar as I am concerned, in terms of the committees of this House, they have not been effectively dealt with. Now I have sat in this House on the opposite side as Minister of Industry and Commerce; I have been a participant in the debate on the estimates of the Department of Industry and Commerce; I have listened to the harangues that have taken place in connection with many of the items, most of them insignificant in terms of understanding the economic development problems that exist here and really without making any significant contributions to the kind of debate that's necessary to be able to really relate what has been done and what has to be done to continue the momentum that now exists in its economic life and to advance it even more.

I suggest as well that there are others who, because of their fixed positions on economic development, for lack of a better word, would be interested in having other items discussed before the committee, and I think they should, and I think there should be a wide opportunity for that to take place. I think we should really draw on those who are in the University to be able to allow them the opportunity to present for the committee their views, no matter how extreme some may think they may be - that is extreme on that side or extreme on this side. I simply think that it's necessary. -- (Interjection) -- Yes, there are extremes on that side. Yes, sometimes. I suggest, Mr. Speaker, that there has to be a real opportunity for this committee to deal effectively with it now and to continue to deal with it. And if we do this, if we really will allow this committee the opportunity that I think it deserves for a very wide, searching program into dealing with the specific matters of economic development and understanding the problems that are before us, if we really do, I think we will make a significant contribution to this House and to the province.

And so, Mr. Speaker, I commend the government for introducing it; I'm sorry that it's introduced as late as it is; I think that there would have been greater opportunity to have dealt with some specific matters if the committee had been organized before. I would suggest to the House Leader that I would hope that it would not be the intention of the government to simply call the committee in session and say, "We'll meet in three months," because the government does have a majority. I hope that we'll have an opportunity to carry out the kind of program I've suggested. I think this is vital for an effective understanding of what is taking place and for good government in this province, and I would encourage them to call the committee in session as soon as possible.

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

MR. FROESE: Mr. Speaker, just a few brief words before we pass this resolution. I, too, welcome the decision of the government to set up a committee for this purpose and I think the schedule as outlined is worthy and certainly should give the committee guidance as to the

(MR. FROESE cont'd.) . . . . purpose of it. I too would agree with the previous speaker, the Member for River Heights, as to what should take place, the various functions that this committee should participate in. I would feel that we should involve the Chambers of Commerce, not only of the Greater Winnipeg area, I think it should also involve the rural communities to a much greater extent than we have in the past. I feel that this here is an area that needs greater understanding of the provisions that there are at the present time, the assistance that is available to them under the various legislation, and the opportunities that are open to them. I feel that we have to get this message across, that this is a land of opportunity, that the opportunity of developing in rural areas is still there and that we are ready and willing to assist and I think -- (Interjection) -- Yes, I think this still is a land of opportunity. I certainly am optimistic and haven't given up hope in this respect so that we still can go somewheres, and I certainly think that this committee should do everything in its power and not spare any efforts in providing as much as we can.

In matters of rail line abandonment, tariffs, freight rates, these have all been mentioned by the previous speaker, I think they are also very major items, especially freight rates. This I think in itself is a big field and quite involved, and if we can do anything in this respect, that would be sufficient to repay any effort that will be made in this respect.

I have already mentioned that this program should not just be geared to the city area but also to the rural areas. We have quite a bit of development going on in rural areas where we have these development corporations going. I think they are getting more people involved. They are interested because of the depressed situation in the farming community, that I think they'd be only too willing, if there is any guidance that we can give them, that they will devote themselves and participate in whatever programs this committee will try and bring about.

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

MR. MOLGAT: I beg to move, seconded by the Honourable Member for Assiniboia, that the debate be adjourned.

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

MR. PAULLEY: I wonder, Mr. Speaker, if you'd kindly call the adjourned debate on Bill No. 39, held in the name of the Honourable the Minister of Finance.

MR. SPEAKER: The adjourned debate on the proposed motion of the Honourable Minister of Finance. The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance)(St. Johns): Mr. Speaker, I'm now closing debate on one of the important bills that this government has brought to this session. I know it's the normal practice for the mover of a bill closing debate to thank the speakers for their contribution, and indeed I do. I'm inclined to, remembering of course that there were 18 speakers who participated, all of whom had a contribution to make, some of whom, of course, repeated the contribution several times. My thanks nevertheless are expressed because there were some important and worthwhile things that were said on both sides on the entire question and I will try not to repeat too much.

I must say though, Mr. Speaker, that there was a great deal of talk about the TED Report by many who have no doubt studied the report thoroughly and by some who may have only had a casual review of it. I would like to say that there is much in the TED Report which appeals to me as being well researched but, even more, well considered, and aims and objectives targets set which may not be in all cases practical or realistic, but nevertheless optimistic and worth following.

I must say that there are portions of the report which in my opinion would deserve more study, review and research to make this really worthwhile, and when I hear members of the Opposition make demands that this government should make a statement that it accepts the report, that the report will be carried out, I am forced to feel that either those people who make these strong demands have not really studied the entire report or who have not really assessed the full value of all that was said, because there are things in that report that are superficial; there are some things in that report that are based on assumptions which are not thoroughly founded; and that is natural and one would expect that from almost any report that was prepared in the length of time, and when one considers that 400 people worked on it and that all their work was bound together into one book, one must realize that it can't be completely right, and yet members of the Opposition are almost speaking of this in the form of something that is so great and so complete and so thorough and so deep that one has to buy it completely. And I look now, and I'm happy to say that there are few members of the

(MR. CHERNIACK cont'd.) . . . . Opposition who were in Cabinet before - I must say that I've missed some of those who are no longer with us in this Assembly - but when I look at these and I see three and four of them before me, I would like to ask them: did all Cabinet Ministers of the previous government accept all aspects of the TED Report? And I know the answer, Mr. Speaker, as indeed would any person viewing a volume of something over 400 pages, that it is not possible that all the Cabinet Ministers accepted all of the recommendations and all of the targets of the report, and yet, when one listens to the Opposition, one would think that they must have done so. And with that, I leave the TED Report, not dead, but lying waiting to be reviewed again and again, in assessing its objectives, in assessing its assumptions, and in assessing the value that following portions of it will make.

I'm very happy the Member for River Heights has returned because he is the one who has given me the impression that every page and every sentence on every page and every word in every sentence is gospel, is sacred, as has been suggested. He is the one who gives the impression that the TED document is the end; that we don't have to do any more. Well, let me assure him again that this government has not set aside the TED Report; that this government is interested in the work done; but this government also does not accept everything that it says or anything necessarily as being exactly correct, but is re-assessing it, and some day - and it won't be long, before the Member for River Heights or somebody else will be getting up and waving that book in our direction. When they do, I'd like them to tell us in all honesty whether they accept all that is there, and especially the former Cabinet Ministers, whether indeed the members of the Cabinet accepted all aspects, especially in their own fields of speciality. I can assure honourable members who are interested in really knowing and who are not interested just in talking, that TED is being read and is being re-read, and it is not dead.

MR. SPEAKER: Are you ready for the question?

MR. CHERNIACK: No, Mr. Speaker. I thought the Honourable Member for River Heights had something to say, to interrupt me.

MR. SPIVAK: Mr. Speaker, all I was doing was repeating the words of the Honourable Minister of Health and Welfare. He said scrupulously and judiciously it's being read.

MR. CHERNIACK: Oh, I do thank the Honourable Member for River Heights for bringing to my attention the word "judiciously" which is one that he should understand and that I think we on this side understand, and which is a good aspect.

I intend now to talk something about income tax because indeed -- (Interjection) --

MR. PAULLEY: No, no. The Member for River Heights does.

MR. CHERNIACK: Having heard the honourable member speak on the TED Report, I'm sure he understands that TED is not the name of a person.

MR. HARRY ENNS (Lakeside): Mr. Speaker, I wonder if the Minister, who indicated he was delving into other areas of his speech, would permit one question at this point?

MR. CHERNIACK: By all means.

MR. ENNS: The Minister indicated how impossible it is for all the Ministers of the past government to accept all the reports of all the 400 members of the TED Commission. I ask him the question: do all the Cabinet Ministers of the present government accept the report of the one, Cass-Beggs?

MR. CHERNIACK: Mr. Speaker, I'm trying to understand the relationship of -- oh, I guess I shouldn't try too hard to understand the Member for Lakeside so I won't make the effort.

Well, Mr. Speaker, we have agreed here, all of us I think have agreed that ability-to-pay taxation is the most progressive form, the best form, the desirable form of taxing people in order to have them make their contributions to society and to the services which government offers in accordance with their ability so to do, and although we all agree upon it, this government does it, Mr. Speaker. That's the point of this bill before us. We talk about it and they talk about it - we do it; and we do it in such a way that we are able to say we have made our policy and it is one which is accepted by the people of Manitoba, and indeed, Mr. Speaker, it is.

And I would also like to point out to the Opposition that when we were in opposition we were proud of the recognition that we received from government people who said that at least when we argued and when we opposed tax increases of various kinds, that we at least offered an alternative, and I remember not one, but several Ministers on this side who agreed that when we opposed any form of taxation, any type of raising of revenue, indeed we did almost in the same breath indicate the manner in which we would have done it. And what. . . .

MR. FROESE: . . . . there was already a measure in effect in the way in which the revenue was collected by premium.

MR. CHERNIACK: . . . the Honourable Member for Rhineland mentioned, because I think he is the only one who is still retrogressive enough in his thinking to say openly that the Medicare premium tax was the right one. I don't think too many members of the Official Opposition are still prepared to say what they said some number of months ago, and if they are still prepared to say so, then the people of Manitoba have indicated to them already what they think of that attitude. And I think the people of Manitoba have indicated to the honourable member whose whole party rises when he does, what they think of the attitude he has.

MR. FROESE: Mr. Speaker, I did not indicate to what degree.

MR. CHERNIACK: Well, we did, Mr. Speaker. We did indicate the degree to which we thought we could go, and we did it. What we heard from the opposition, and I think this includes the entire opposition, is doom, is gloom, is threat - that's what we heard. We heard from the Honourable Member for Riel that he liked the social development tax; that's the way to do things. The note I have is that he thinks it was the good way of doing things. The social development tax, which is a tax which is not a progressive tax, which is a proportional tax, and which carries with it that bad feature of a limitation which I think gets people at about \$8,000 income. They're paying \$120.00 a year, I think it is, and then it stops, and the member for Riel likes that. That proportional tax becomes regressive the minute you put a ceiling on it, and a low ceiling at that, and the Honourable Member for Riel likes it. Well, Mr. Speaker, I need point out only that we in this government felt it necessary to bring in the personal tax increase to counterbalance, to a large extent, the Federal Government two percent social development tax, which was designed to finance its half share of Medicare. That tax hits those under a certain bracket and leaves free those above it, to the extent they earn above it. And in our case, we have removed that inequity to a very large extent by continuing the taxation on the level above that which the Federal Government felt it had to impose.

And what indeed did we do, Mr. Speaker? We have increased personal income tax to the extent of 5.7 percent of the total federal-provincial taxes paid by Manitobans in 1969. We've given the example. If they paid \$1,000 in taxation in 1969, they'll be expected to pay \$1,057 in the following year and they will have received a reduction of \$104.00. That is the impact of what we have done. We have increased corporate taxation by two percent of the net income, and we start hearing stories. Both newspapers, as I indicated some time ago, forecast what we were doing and approved of it, and they said this is the right way to do it. Gradually a debate went on, and after the Honourable Member for Ste. Rose and others participated in the debate, the Free Press sort of started to shiver a little and the members of the Opposition started to shake a little. And then we started hearing projections of the future. Doom -- disaster was the word used by the Leader of the Official Opposition. And what do we see? I have here the Tribune, a page of the Tribune of October 4th, last Saturday, a lengthy lead article headlined: "The Voice of Doom," and attacking the Winnipeg Free Press for its attitude -- (Interjection) -- and the article makes it very clear. . . .

A MEMBER: Read it all.

MR. CHERNIACK: . . . that what we are concerned with here is equity and taxation. But I do want to read some other part of this. . . .

A MEMBER: Read it all.

MR. CHERNIACK: . . . because there is a little portion on the right hand side of the page which I would like to read into the record. It's not too long. I don't think it will bore the Member for Ste. Rose that much.

MR. MOLGAT: Not at all.

MR. CHERNIACK: Then I'll read it to him.

MR. FROESE: Mr. Speaker, who's the author of it?

MR. CHERNIACK: Pardon?

MR. FROESE: Who's the author of it?

MR. CHERNIACK: If I go by the Member for Roblin, I would say that his name must be Short-Take; but other than that I don't know who wrote it. The comment I want to read is: "The increase in Manitoba income tax will mean some people will pay as much as \$3,000 more a year. Even for the wealthy that's quite a crack. But adding insult to financial injury, is Finance Minister Cherniack's attitude that they're lucky to be earning so much that they are the ones who will pay for the reduction in Medicare premiums." The next line is the one that gets me right here. "Saul is in that special class himself," and then they pay me the

(MR. CHERNIACK cont'd.) . . . . compliment of saying: was getting there all luck? I wish the compliment they paid of putting me in the class of the increase of \$3,000 was correct, because I did go to the trouble of figuring out just what my income must be if I have to pay an additional \$3,000 in tax because of this bill that's before us, and members may be pleased to know, if they have any liking for me and my family, that I must be earning \$109,000 a year.

A MEMBER: It must be the Member for River Heights they're referring to.

MR. CHERNIACK: I would think that the member who is yelling kickbacks might have enough knowledge to know that one doesn't pay tax on kickbacks.

MR. SPIVAK: I have no knowledge about kickbacks. Maybe my honourable friend does.

MR. CHERNIACK: Well I wasn't asking the honourable member a question. I was making a statement that I have sufficient respect for his intellectual capacity and his business experience to indicate to him that he ought to know better, and maybe the name Saul is misspelled for Sidney, I don't know. But I do know that if I were paying an extra \$3,000 a year in tax because of this bill, I would be earning \$109,000 a year and I will have made my full 10 percent contribution for charitable donations. But nevertheless, this is in the press and people who know the way I live, Mr. Speaker, and who know the income I receive in this government, must be frightened by the amount of tax that they would expect to pay, and they are helped by members of the Opposition who are spreading this kind of idea that this tax is oppressive.

We have an example also of an interview reported with the Honourable the Leader of the Liberal Party in this House, and I promise to return this clipping to him as soon as I am through because the picture there is the kind of picture that does go with a doom and gloom story, but he recognizes that; that he reports - and again, I know that he reported what he believed to be correct - that the company he was referring to by name of Versatile Manufacturing, had gross sales of \$30 million a year, that it paid in Manitoba taxation \$1 million a year, that the increase involved them in about \$100,000 a year. And he says well certainly if they want to save \$100,000 a year they may well move away, and looking at the figures I realize that there's something incomprehensible about them, because if a company pays provincial tax of a million dollars a year, then it must pay a total federal-provincial tax in excess of five million a year, and if it pays a tax of five million a year, its income must be close to ten million a year, and if its gross is 30 million a year I can't conceive that a company that's in the farm implement business could possibly make anywhere near a 33 percent net profit on its turnover. So I made some inquiries and I learned that Dun and Bradstreet reports that the total 1969 taxes for this company would be \$1,620,000, that the Manitoba portion would be about \$325,000, that the increase is some \$59,091; and that is a company paying 1.6 million and some, would expect that the increase of two percent would be some \$59,000, which is a considerable amount of money, Mr. Speaker, but not in relation to a company earning the kind of money it does in order to pay the kind of tax it does.

Now, Mr. Speaker, I want to pass for a moment only to the speech made by the Honourable Member for Churchill, who spoke of the specific problem in relation to the north and who had several suggestions to make in regard to taxation there. I must say to him, Mr. Speaker, that I think he knows that we are deeply conscious of the needs in the north, but I doubt very much if the solution, or even the partial solution, lies in the forgiveness of taxation as suggested by him. Many of the needs there have to be tackled but certainly I don't think that the solution should lie in taxation as an aid or the lack of taxation.

I'd like to address myself, Mr. Speaker, to these critics who have publicly reacted to our proposals on the income tax increases, and I can't help but note that the criticisms have not been directed to the personal income tax rise for the more than 370,000 Manitobans who filed tax returns last year in respect of incomes under \$11,300, but more on behalf of the 14,000 taxpayers who reported income above that line. I feel, Mr. Speaker, that anyone who is a serious student of fiscal affairs knows that the net effect of almost entirely wiping out Medicare premium tax means a net tax reduction, even after income tax increases, for 96 percent of Manitobans filing tax returns, at the expense of the affluent four percent. Surely our opponents don't want to be thought of as speaking only for the privileged four percent at the expense of the average 96 percent, and yet that is their posture, no matter how incredible it may seem.

MR. G. JOHNSTON: Mr. Speaker, on the point of privilege, no one in our Party spoke on behalf of the 14,000 who earn above 11,000 or 12,000, I can't recall. If my honourable member can quote to me something that will substantiate what he says I will withdraw it, but I'm quite certain that no one in the Liberal Party expressed any fears on the welfare of the 14,000 that he mentions.

MR. CHERNIACK: I agree with the honourable member. I don't recall any member of the Liberal Party speaking about the dangers of the increase in the personal income tax. He's quite right. And that's what amazes me so, that they're worried about the corporate income taxpayer. That's why I was surprised to hear their concern expressed on the corporate income taxpayer; and say it is true, I don't recall their mentioning a word about the personal income taxpayer, and of course their answer would be obvious, that they are not yet -- (Interjection) -- well, the Honourable Member for Ste. Rose agrees with the personal income tax but is very concerned about the corporate income taxpayer, and he is concerned because he is afraid that this will hurt development. Well, we'll work along that field. I'll try, anyway.

The opponents - and now I can speak I think of all the opposition, and in this case I don't include the Honourable Member for Churchill in that sense because I don't think he spoke about corporate income tax - the opponents of our tax change have zeroes in on this two percent corporate tax increase, and they use these figures of 18 percent increase on the Manitoba rates, which is true but which is a deceptive statistic, for what does it mean in actual dollars? How much does it mean in actual cost to the hundreds of companies that do business in Manitoba? It means, as I've said earlier, for every \$1,000 of net profit earned in Manitoba, a company will pay in 1970 an additional \$20.00 over the 1969 tax, \$10.00 more than the current Ontario tax on the same process. Even the largest of companies earning the largest profits will not pay any more in proportion to its earnings, and this modest tax increase will be far less even than these proportions in relation to gross operating figures. So, Mr. Speaker, let's not be silly about this. Does anyone seriously believe that a company would move out of this province or shift its profits on the basis of that kind of marginal cost? Surely our critics can't be that naive. The legal and the accounting costs would far exceed any theoretical - and I emphasize theoretical - tax saving involved. Let me assure you of one axiomatic and incontrovertible fact, the fact that was verified with lawyers and accountants who are not of the New Democratic political strength. The tax increases that we have proposed are of such insignificance on an individual corporate basis that no one - I repeat, no one - would actually remove his operations from this province to another location to avoid the extra pittance, and I use the word "pittance," that we have requested.

But there's another dimension of this debate, a fact which has apparently escaped public notice. Until now I've been constrained to limit my remarks to the fairness and equity of our proposals, a fact which no sensible, credible and honest critic can refute, but my honourable opponents have seen fit to engage in a brand of political cynicism which is both unworthy and unbecoming. For many years, Mr. Speaker, my associates and I sat on the opposition side of this House and we listened to the stern lectures of those who formed the government. When we criticized those programs which widened the gap of opportunity between rich and poor, when we expressed concern over the inadequacy of government programs vis-a-vis the economically less fortunate members of society, when we pressed for action to bring to an end the economic entrenchment of the privileged in favour of creating equality of opportunity for all, whenever we asked that government merely assume its proper posture of being the umpire between all sectors of society we were treated to the gratuitous abuse of the then government, warning us not to criticize lest our voices be heard across the nation and act as a deterrent to those industries which might otherwise wish to locate here. And now, Mr. Speaker, we've witnessed the spectacle of those same self-righteous critics crying doom and gloom without regard to the effect on this province's image outside its boundaries. These pious lecturers seem to have forgotten their own words. Those who denigrate this province for selfish political motives aren't worthy of rebuttle. And I can't avoid looking at the Honourable Leader of the Opposition and his sometimes lieutenant, the former Minister of Industry and Commerce, who have lectured to us in the past, saying that we must not disturb, we must not shake, we must not question their wailing that the minor corporate tax increase will frighten away economic development, may have that effect, but not the tax increases themselves.

Let us look around and consider the advice of objective independent and eight political experts who have addressed themselves to the question of the importance of taxation in the location of industrial growth. Firstly, the taxation that has major influence on growth is that which is controlled by the Federal Government through tariff, through sales taxes and through corporate tax. It is noteworthy that the senior government has rejected tax concessions as a means of creating industrial incentives. This is a path which this government also intends to follow. Such bodies as the Canadian Institute of Chartered Accountants in its submission to the

(MR. CHERNIACK cont'd.) . . . . Royal Commission on taxation clearly urged that tax concessions were not the answer to industrial growth. Rather, that organization pointed out, that incentives other than tax concessions were more conducive to growth.

The Federal Royal Commission appointed by the then Conservative Government adopted that view, holding that the tax system should not be used as a vehicle for stimulating economic growth because that merely creates distortions of the system, loopholes to be abused while there are far more effective techniques for prompting growth. Our government endorses that view. The view that taxation should not give undue advantage to any taxpayer -- and I trust that our government will resist using the tax rules as an illusory carrot to induce industry to locate here. We shall find more permanent and more effective methods.

Our opponents still claim to the anachronistic and obsolete view that a nominal corporate tax rise such as we have proposed will frighten away industry. They've even raised the old red scare about this side of the House. If they'd only lift their eyes and gaze into the real world of the twentieth century, they'd see how foolish their protests really are.

Even in Ontario the Conservative Government has tabled a White Paper on tax reform in which it is made clear that tax concessions have failed as a means of attracting industry. Ontario has indicated, in its White Paper, that it intends to end existing concessions to introduce a provincial capital gains tax, a provincial gift tax and establish a higher rate of personal and corporate tax totally separate from that of the Federal Government, and there is no suggestion in the Conservative White Paper of abolishing estate tax. But there is an intent expressed by them to try to transfer both estate and corporate taxation to the Federal level; and that, too, is what we have said. And that is our competitive tax position with the Conservative province of Ontario.

Mr. Speaker, the entire western world is restructuring its approach to taxation; even the United States which is dominated by Conservative Government and is traditionally addicted to using tax concessions as a means of wooing industry is shifting its ground. The tax reform package which is currently before Congress and supported by many in both parties, makes our minor changes appear trivial. There's a significant move in the United States to increase capital gains tax; to drastically reduce the tax concessions to the resource industries; to totally eliminate the tax concessions on interest earned on state municipal bonds; to limit charitable donations; to wipe out the low rate of tax for small business; to increase estate tax and to eliminate many tax concessions to industry which were previously considered important. And I repeat, these monumental tax changes are supported on a bi-partisan basis in United States. This is the way of the world, members of the opposition, a world whose conscience has finally stirred to realize that society can, should and must do more for the members of the national family who are, for a variety of reasons, and none of them of their own making, receiving an inadequate share of the national affluence. And for this precise reason I feel sure, I know, that the people of Manitoba will treat these alarmist cries - feigned though they may be - with a skepticism and the disapproval that they deserve. I can only warn my friends in the opposition that these predictions of disaster can only harm, not help them, in this province, and I suggest they reconsider their position.

Some three weeks ago, on September 12th, a conference was held here in Winnipeg at the University of Manitoba, of leading industrial developers from across Canada. Sponsored by the university and the Department of Industry and Commerce, the conference on current issues in Canadian industrial development heard from an array of experts of every political persuasion: Doctor J.E. Gander, Senior Economist with the Economic Council of Canada; Doctor J.C. Gibson, Dean of Graduate Studies, and many more prominent University of Manitoba Faculty members. Some industrialists, senior civil servants from several provinces, senior executives of leading Canadian financial institutions, including the former government's advisor, Arthur Mauro, Mr. Tom Kent, Federal Deputy Minister, Department of Regional Development, and a host of other experts addressed the conference.

In the sessions dealing with the impact of taxation on industrial location there were two speakers, one a Manitoban lawyer, I.H. Asper, referred to by the Honourable Leader of the Official Opposition this afternoon. And the other was Eric Hardy, who's a frequent advisor to the Conservative Government of Ontario.

Mr. Asper demonstrated the point that provincial taxes are of such minor concern to industry that they cannot be said to be a serious factor in influencing development.

Mr. Hardy went even further; pointing out that growth is influenced by a host of things

(MR. CHERNIACK cont'd.) . . . . including transport cost; labour; supply; utility cost; financial support; cultural amenities and social environment. In a recent survey, Mr. Hardy disclosed, industrialists ranked taxation as sixteenth in importance out of twenty-three factors they took into account in choosing a location. Not No. 1 - sixteenth out of 23. And I'm informed that the industrial developers present at that conference endorsed this lower evaluation of the tax priority.

May I suggest then, Mr. Speaker, that the tax factor is only one - and not the most important one - of the factors influencing industrial growth. Our government believes that there are far more effective stimulants that we can and will use which will far outweigh a few hundred dollars of increased tax. In the next few months our government hopes and plans that it will unfold its program for attracting industry -- and that will not be accomplished overnight; and we have never promised that it would be that way -- and I suggest that when our program develops, and as it develops and is examined, and when its results are felt, the criticism of the present minor tax rise and the position of those alarmists voicing it, will be seemed to be unwarranted, if not just plain ludicrous.

Mr. Speaker, in asking the support of this House for this bill I want to indicate that the Honourable Leader of the Official Opposition mentioned I. H. Asper as one of those that spoke on T.V. on Friday - I didn't see it, but spoke about this problem - and it's a coincidence really that the Honourable Leader mentioned his name today, because in setting out the facts and the statements and the opinions which I have expressed today, I reviewed them with him because I do have respect for his ability and experience and knowledge. Mr. Speaker, he has authorized me to say that he is in accord with the presentation that I have made today, and that he believes that this fuss about driving industry away is harmful and is not justified by the two percent increase in corporate tax which is included in this bill. And I cite that, not because he is the greatest expert - I don't suppose he is - but I have respect for his opinion, and as I say it's a coincidence that the Honourable Leader happened to mention him as being one of those that apparently gave an impression which is contrary to the content of what I have said, and which he accepted as being valid.

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

MR. G. JOHNSTON: Will the Honourable Minister accept a question?

MR. CHERNIACK: Yes.

MR. G. JOHNSTON: With respect to the Minister's views on the wiping out of tax concessions to industry, does he feel that Manitoba can act in isolation, and do this while others carry on concessions?

MR. CHERNIACK: No, Mr. Speaker, I do not suggest that Manitoba can act in isolation over a period of time, and in light of very drastic differences. I believe that - and I have said this often - that we have certain restrictions placed on us by the economy of this province as compared with the economy of Canada; of our neighbours; of the world, that we have many restrictions which we recognize, and on which we want to, and I believe do, assume a responsible position. And having fixed the amount of tax increase as we did in this bill, we believe that it was responsible and that it was acceptable, and that it was not the kind that would bring about the kind of disaster that we've heard from on that side.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): Mr. Speaker, I wonder if the Minister would care to answer another question, and that's in respect to equalizing the high cost of living between northern Manitoba and the rest of the province. Doesn't he feel that the income tax area is the one approach that could be used to equalize this if he can't bring down the cost of living some other way?

MR. CHERNIACK: Well that's a point, Mr. Speaker. He said if he can't bring down the cost of living, or improve the standard of living, or provide any of the services that are necessary for the north, I would say that if indeed income tax concessions are the only way, then we will have to study those. And we will study those, but only in the light of the other forms of encouragement and incentives that we hope can be brought about in the north.

And I want to say, Mr. Speaker, if I may, and I'm not going to repeat any speech, but that is why I singled out the Honourable Member for Churchill's speech of all others, because I recognize the real need and the real problem that exists up there, and I wanted to reassure him of the desire of our government to look into what can be done and study all ways, and I recognize that income tax may well be, have to be one way.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): . . . on a point of privilege. I didn't wish to -- oh, I didn't want to interrupt the Minister when he was speaking, but he mentioned that I had endorsed this principle of the \$120.00 maximum on the social development tax. But the reason I brought it in at that time was to bring up the point that was given by Mr. Benson at the time which said that the point was that Canada had one of the highest personal income taxes - in that tax bracket over, at which the \$120.00 limit cut off. And in fact I directed the question at that time to the Minister of Finance as to whether or not he had available to him information that could confirm that or otherwise, that Canada, and now Manitoba even more so, has one of the highest income taxes in the western world.

MR. CHERNIACK: . . . consider that a question, I'd be prepared to deal with it.

MR. CRAIK: I asked a question at that time and I didn't get an answer. The point I was making and the privilege I was asking here was the fact that we don't all have at our disposal the research material we'd like to have, but we can ask questions about you, I would hope, that do have it. I'm asking the question if this is not a fact that Canada, and now Manitoba in particular, has one of the highest personal income taxes in the western world; and I think it's a legitimate question.

MR. CHERNIACK: Well, then on the basis of that question, Mr. Speaker, I am not the kind that can answer a question with a simple yes or no, when it's a much more complicated question. The question is not sufficient because the answer must indicate that there are many factors involved, and just to talk about the proportion of income tax without taking into light cost of living, cost of housing, cost of the amenities, is to me an unrealistic way to deal with it.

Now I can't talk about the western world, I'm sorry. I didn't really catch the question when it was asked originally and I did not get the information that would justify my giving any answer on whether or not it's the highest income tax in the western world. I just don't have that information. I'm sorry that the honourable member didn't take advantage of the fact that I have an executive assistant. He might have asked him that question some time ago and might have received a reply.

MR. SPEAKER put the question and after a voice vote declared the motion lost.

MR. CHERNIACK: Yeas and nays please, Mr. Speaker.

MR. SPEAKER: Call in the members.

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

YEAS: Messrs. Allard, Barrow, Borowski, Boyce, Cherniack, Doern, Evans, Fox, Gonick, Gottfried, Green, Jenkins, Johannson, McBryde, Mackling, Malinowski, Miller, Pauley, Pawley, Petursson, Schreyer, Shafransky, Toupin, Turnbull, Uskiw and Uruski.

NAYS: Messrs. Bilton, Craik, Einarson, Enns, Ferguson, Froese, Girard, Graham, Henderson, G. Johnston (Portage la Prairie), McGill, McGregor, McKellar, McKenzie, Molgat, Patrick, Sherman, Spivak, Watt and Weir.

MR. CLERK: Yeas 26; Nays 20.

MR. SPEAKER: I declare the motion carried.

MR. ARTHUR MOUG (Charleswood): Mr. Speaker, I was paired with the Honourable Minister of Tourism. Had I voted I would have voted against the motion.

MR. BEARD: Mr. Speaker, I was paired with the Honourable Member for St. Boniface. If I'd have voted I'd have voted with the government.

MR. PAULLEY: I wonder now Mr. Speaker, whether you would kindly call the adjourned debate on the proposed motion of the Honourable the Attorney-General standing in the name of the Honourable Member for Rhineland.

MR. SPEAKER: The proposed motion of the Honourable Attorney-General. The Honourable Member for Rhineland.

MR. G. JOHNSTON: Mr. Speaker, before the question is put can I ask the Honourable First Minister if the Honourable Member for St. Boniface had deserted him.

MR. SCHREYER: I'm just as puzzled as my honourable friend is.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, the resolution before us deals with the matter of setting up a committee to select an Ombudsman. I don't know just how soon this will happen but I would be rather interested to hear just what qualifications will be desired by the committee of such a person to be named. One can think of many qualifications that would be desirable in such a person. Naturally his ability, his experience are things that in my opinion would be considered.

(MR. FROESE cont'd) . . . . . There has also been mention made by the Leader of the Official Opposition that this matter be advertised so that people in the province or probably out of the province would have an opportunity to make themselves known as being desirous of the position. I think this is a very valid point and even though you set up a committee that it would be a wise thing to do, because too often we find that people are interested in a certain job or interested in a certain type of work that we are not knowledgeable of, or people that we do not know that they're interested in such work and therefore I think even if we select a committee and set up this committee that they should make use of this provision or of this matter and that we do advertise.

People have already spoken to me who have an interest in this position and I am sure there are many others that are interested that probably haven't contacted any of us. Naturally I also feel that the person selected should have the ability to administer and he should also have a way with him to delegate powers because this is what the bill calls for, that under certain circumstances it will be required of him to delegate his responsibilities. I feel that all in all as the bill now stands that these matters should definitely be considered by this committee when they are set up to make such a selection. I do hope that a proper and a good choice will be made so that those of us who will not be part and parcel of the committee or who will have no, not necessary influence, but who will have no contact with members of the committee that represent the various parties in this House; that we will not have to voice our opposition when the final selection is made and that a resolution of concurrence is called for in the next House.

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

MR. PAULLEY: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Cultural Affairs,

WHEREAS it is deemed advisable to establish a Special Committee of the Legislature as a task force on northern affairs to consider and report upon the requirements of the economic, cultural and industrial well-being, growth and development of northern Manitoba, and;

WHEREAS it is also deemed advisable that this task force should include, in addition to representatives of various interested groups of citizens, certain members of this Assembly;

THEREFORE BE IT RESOLVED that a Special Committee of the Legislative Assembly comprised of Messrs. Allard, Beard, McBryde, be established to consider and report upon the requirements of the economic, cultural and industrial well-being, growth and development of northern Manitoba;

AND THAT the Committee hold such public hearings as it may deem advisable;

AND THAT the Committee have power to sit in recess after prorogation and report to the House at the next session of the Legislature.

MR. SPEAKER presented the motion.

MR. PAULLEY: Mr. Speaker, His Honour the Lieutenant-Governor having been informed of the subject matter of this proposed resolution recommends it to the House.

MR. SPEAKER: Are you ready for the question?

MR. WEIR: . . . explanation other than the resolution itself or . . .

MR. PAULLEY: I thought the resolution, Mr. Speaker, spoke for itself. There was an indication in the Speech from the Throne of the establishment of a task force on northern Manitoba and the development thereof. The intention is that we would have a representative committee set up, Mr. Speaker, of Indian and Metis and labour and industry and others in northern Manitoba to look into the problems affecting that very vigorous and growing part of the Province of Manitoba and that it should include representatives of the Legislature. The reason of the resolution specifically is to allow the representative of the Legislature, being namely three of the members of northern Manitoba, to be considered on the same basis as other members of the Legislature serving on committees in recess. That is, as my honourable friend the Leader of the Opposition would be aware, is the \$20.00 fee per diem, and the expenses in pursuant of their duties. If we didn't do that by resolution and the establishment of a special committee of the House this would not be possible. There is no intention, at least at the present time that I'm aware of, of payment to the private members of the committee other than the members of the Legislature, but this of course is out of the bounds of the Legislature. If we did not present a resolution of this type the members of the committee being members of the Legislature could not receive payment, and that is the reason for it. I'd be glad to hear any comments from my honourable friend, the Leader of the Opposition, or others respecting this resolution.

MR. WEIR: Well, Mr. Chairman, the Minister isn't going to have long to wait.

MR. PAULLEY: Pardon?

MR. WEIR: I said the Minister isn't going to have long to wait because he's going to get my comments and he's going to get them right now. Because as far as I'm concerned, Mr. Speaker, this is a new twist from anything that I've seen in the Legislature. I really don't know whether there's been a precedent before. We talk about a larger group of people on the outside, them not getting paid and yet members of the Legislature being paid for working on a committee where everybody else is giving of their time and their effort.

Mr. Speaker, what this calls for is a Committee of the Legislature. That's what this resolution calls for, a committee of three. A committee of three to work along with some others. But the thing that is being set up here is a committee of three members of the Legislature and, Mr. Speaker, it's not representative of the political parties in this House. I don't know of any other precedent, there may have been prior to my time, but I can't recall the precedent where a committee of this Legislature has been established which didn't reflect largely the make-up of the political parties of the House. And I object to it, Mr. Speaker; and I object to it. As far as I'm concerned it aborts the political make-up and the structure of the House. If my honourable friends wanted these three members of the House on they could very well have put them on by other means without establishing a Special Committee of the Legislature. If they want a caucus group or the odd Independent thrown in I'm sure that there would have been ways and means of doing it. I think my honourable friend from Flin Flon should be a bit slighted as a result of the fact that he appears to be the only northern non-Cabinet Minister that has been left off the committee and I'm just a little bit surprised at that.

But, Mr. Speaker, just on the straight principle of a Committee of this Legislature that doesn't reflect the political make-up of the House, that doesn't reflect the political make-up of the House, I'm opposed to it and opposed to it strongly.

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

MR. G. JOHNSTON: I beg to move, seconded by the Honourable Member for Ste. Rose, that the debate be adjourned.

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

MR. PAULLEY: I wonder now, Mr. Speaker, whether you would kindly call Committee of the Whole House.

MR. SPEAKER: Committee of the Whole House.

MR. PAULLEY: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Health and Social Services, that Mr. Speaker do now leave the Chair to consider the following bills in Committee of the Whole House: Nos. 36, 37, 38.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of the Whole with the Honourable Member for Elmwood in the Chair.

#### COMMITTEE OF THE WHOLE HOUSE

HON. SIDNEY GREEN (Minister of Health & Social Services)(Inkster): Mr. Chairman, I wonder whether it would be in order to pass over the one that we were dealing with this afternoon and come back to it. There may be some changes made but I'd like to talk to the Legislative Counsel about it. So if we could go through the rest of the bills perhaps we could come back to that one later on.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. WEIR: If it has to stand over until tomorrow morning, why it wouldn't hurt.

MR. GREEN: We can do Bill No. 37.

MR. CHAIRMAN: Bill 37, An Act to amend The Social Allowances Act. Section (1)(a)--passed. The Honourable Member from Pembina.

MR. GEORGE HENDERSON (Pembina): Mr. Chairman, I have refrained from speaking about welfare until now because I thought there would be many fine speeches from both sides on it. In fact, I am rather disappointed that there hasn't been some criticism about the program being too generous and too easy to get.

MR. GREEN: Mr. Chairman, I hesitate to interrupt the honourable member but it appears to me that he is starting on a speech to talk about welfare. We are in Committee of the Whole House considering a specific clause, which I might indicate to him makes it less possible for people to get welfare, so if he's going to make a big speech about the evils of welfare, perhaps he had better confine himself to the particular clause. -- (Interjection) --

(MR. GREEN cont'd) . . . . . Yes, Mr. Chairman, it's quite true, but I believe that we are now in the Committee of the Whole House; we are not in the second reading of a bill when one can talk about the principle of the bill, we are dealing with a specific section, and I believe that, unless the member is making an amendment to the bill, that he should be speaking to the section.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I beg to differ with the Minister of Health because Bill 37 opens up the old Social Allowances Act and certainly the Member for Pembina has his right to speak.

MR. CHAIRMAN: I believe the Honourable Minister is correct in the sense that the comments should be of a specific nature rather than of a general nature.

MR. WEIR: . . . deal with the assets and the income of an individual seeking welfare would be in order under the amendment. It's eligibility for welfare in general.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Well Mr. Chairman, I must say I am sorry if I'm bringing this up at the wrong time. However, I did feel that I should say something about it because I did feel that welfare payments were too generous and that it was too easy to get them. Now possibly one of the reasons that there hasn't been more said about it up until now is because people have changed sides in the room here and it might be somewhat embarrassing. However, I was elected to represent the people of my constituency and they must have had some faith in me when they elected me, and it is the feeling of myself and a lot of people that I have talked to in my constituency that people are getting their welfare too easily. I realize that there are people that will always say that you are being hard on them, but we must realize that welfare is welfare and it must be accepted in those terms. It's not meant to provide people with a better life than if they were working. Under our present system, I was reading the other day that . . .

MR. CHAIRMAN: The Honourable Minister of Health.

MR. GREEN: Just on a point of order, again I wonder whether the honourable member who is complaining about the ease with which one gets welfare, is aware that this particular amendment makes it more difficult, if anything makes it more difficult, because it asks that assets and income be included, whereas the previous section talked about income only. -- (Interjection) -- Well I'm just asking him whether he is aware of that, and Mr. Chairman, again and on the same point of order, despite what honourable members opposite say I submit that the discussion in committee when we are dealing clause by clause has to deal with the specific amendment which is before the committee.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. BUD SHERMAN (Fort Garry): On a point of order, Mr. Chairman, if it is well developed in the course of the honourable member's address that he is speaking in support of the amendment, he still has the right to put his opinions with respect to the amendment on the record, pro or con, and it may well end up as opinions that are pro.

MR. CHAIRMAN: Carry on.

MR. HENDERSON: Well Mr. Chairman, I am in doubt and the time is getting very nearly 10 o'clock and I realize that we'd really limit the discussion very much. I certainly don't mind if you want to allow me to bring it in at another time. Well, I'll carry on then. Due to the interruptions I keep losing my line of thought. -- (Interjection) -- No, I wouldn't like to do that.

Well, I was stating that many people on welfare now are getting more money than a married man with a family that's working on the minimum wage. -- (Interjection) -- This possibly is true but we still have the minimum wage and we are talking about increasing the payments. I do not believe this is right, and I don't like to see a system that taxes people to extremes and still encourages welfare and does away with what we could call hard-working, thrifty people that are full of private enterprise and are working for the good of the country. By increasing these payments we are turning our country into a welfare state. At one time we thought it was turning into a socialistic state but if we keep on upping the payments of the people on welfare we are going to turn it into a welfare state, and this is what really concerns me very much. I think it's 10 o'clock and I'll sit right now.

MR. PAULLEY: Mr. Chairman, I move that the committee rise.

MR. CHAIRMAN: Committee rise. Call in the Speaker. Mr. Speaker, the Committee of the Whole House wishes to report progress and begs leave to sit again.

IN SESSION

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, I move, seconded by the Honourable Member for Winnipeg Centre, that the report of the Committee be received.

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

MR. PAULLEY: Mr. Speaker, if I may, just before we adjourn until 9:30 tomorrow morning, remind the members on the Dental Technicians Committee there will be a meeting of that committee tomorrow morning at 9:00 o'clock.

MR. SPEAKER: It is now 10:00 o'clock. The House is adjourned and will stand adjourned until 9:30 Central Daylight Time tomorrow (Tuesday).