

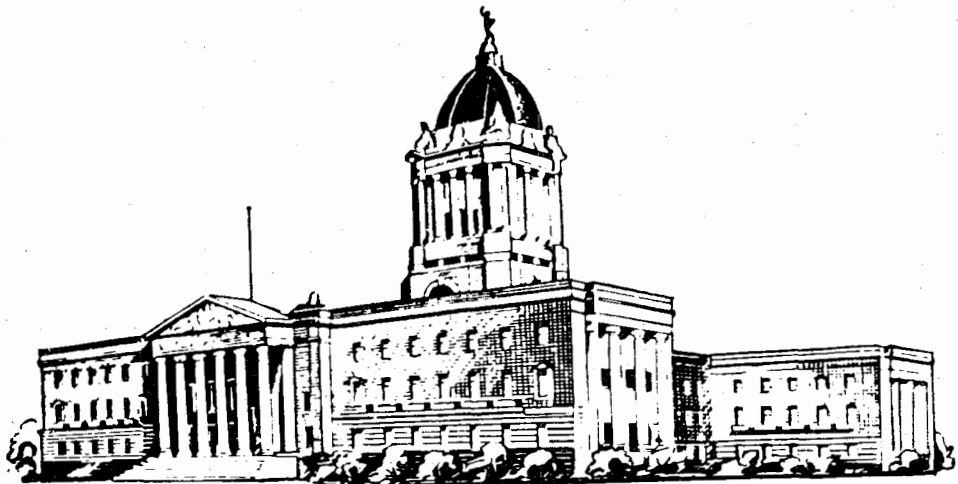


Legislative Assembly of Manitoba

**DEBATES**  
and  
**PROCEEDINGS**

Speaker

The Honourable Peter Fox



Vol. XIX No. 85 10:00 a.m., Friday, May 19th, 1972. Fourth Session, 29th Legislature.

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WOLSELEY			

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
10:00 o'clock, Friday, May 19, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 30 students of Grade 12 standing from the Alvarado School of Minnesota. These students are under the direction of Mr. Ronald Gruwell. We also have 19 students of Grade 11 standing of the Kapuskasing High School from Ontario. These students are under the direction of Mr. Dambrowitz and Mrs. Reavley. And we have 54 students of Grade 8 standing from the Grygla School of Minnesota. These students are under the direction of Mr. Rusten. On behalf of all the honourable members I welcome you here today.

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

GOVERNMENT BILLS

HON. RON McBRYDE (Commissioner of Northern Affairs) (The Pas) (on behalf of the Minister of Municipal Affairs) introduced Bill No. 47, An Act to amend the Municipal Act (3).

HON. SAUL CHERNIACK, Q. C. (Minister of Finance) (St. Johns) introduced Bill No. 56 The Hospital Capital Financing Authority Act. (Recommended by His Honour the Lieutenant-Governor)

HON. A. H. MACKLING, Q. C. (Attorney-General) (St. James) introduced Bill No. 62, An Act to amend the County Courts Act. (Recommended by the Honourable the Administrator of the Province of Manitoba)

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona) introduced Bill No. 63, An Act to amend The Workmen's Compensation Act. (Recommended by the Honourable the Administrator of the Province of Manitoba)

MR. STEVE PATRICK (Assiniboia) introduced Bill No. 64, The Manitoba Bill of Rights.

MR. SPEAKER: Oral questions. The Honourable Minister of Finance.

ORAL QUESTION PERIOD

MR. CHERNIACK: Yesterday I responded to a question I think it was the Member for Souris-Killarney who asked about the SGIO and I was labouring under a misapprehension and I want to correct it. The SGIO is not licenced in Manitoba but insurance can be placed with them through special brokers who are licensed to do business under Sections 381 to 384 of the Insurance Act. I am informed that it does no business whatsoever in Manitoba on auto insurance, although apparently there has been some fire insurance taken out with SGIO, but it's impossible for them to write auto insurance with Autopac in effect in Manitoba.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q. C. (Leader of the Opposition) (River Heights): Mr. Speaker, my question is to the First Minister. I wonder whether he can indicate whether the Returning Officer newly appointed for the By-election of Wolseley is still a member of the government - still a member of the government staff.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, I wasn't aware until the last five seconds who the Honourable Leader of the Opposition was referring to. I am advised by my colleague of the name; I do not believe that he is a member of the public service.

MR. SPIVAK: I wonder if he can indicate at what point his services of Planning and Priorities were terminated.

MR. SCHREYER: I believe after the peak of the administrative load on the Winter Works Job Office, so that would put it approximately two months ago, Mr. Speaker, give or take a week.

MR. SPIVAK: Then I take it from what the First Minister is saying that he's not a member of the ...

MR. SPEAKER: Order please. The Honourable Minister of Health and Social Development.

HON. RENE E. TOUPIN (Minister of Health and Social Development) (Springfield): Mr.

(MR. TOUPIN cont'd) . . . . Speaker, I took a question as notice yesterday, a question posed by the Leader of the Opposition pertaining to Bio Science Lab. In answer to his question the complaint was brought forth through my office; I referred it to the Manitoba Health Services Commission and in turn the Manitoba Health Services Commission turned it over to the Attorney-General's Department, and the Attorney-General's Department is now the department that's seized of the complaint itself.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Question to the Minister of Health and Social Development. I take it that the complaint was from the officials within your department, or a complaint . . .

MR. TOUPIN: No, Mr. Speaker.

MR. SPEAKER: Order please. I should like to indicate this is a question period not a time for making statements. If the Honourable Leader of the Opposition has a question I'll entertain it.

MR. SPIVAK: Mr. Speaker, my question to the Minister of Health and Social Development. Did someone complain to the Department or was it the officials that were responsible to the complaint being passed on.

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Chairman, the matter is now subjudice. Yesterday 27 counts of fraud were laid against the operation in question. There may be other charges to follow.

MR. SPIVAK: My question is to the Minister of Health and Social Development. Is it his practice to refer all complaints in the manner that he has just described this complaint or is it a discretion that will be exercised by him and his department?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

MR. TOUPIN: No, Mr. Speaker, not all of them. Some of them I deal with it myself.

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

MR. JAMES WALDING (St. Vital): Mr. Speaker, I have a question for the First Minister. Could he inform the House what actions the government is taking to officially mark the Queen's birthday next week?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Honourable Member for St. Vital, the Member for Swan River have expressed some interest as to the nature of the arrangements. They are the long-standing arrangements for the firing of the 21-gun Royal salute. Last year, unfortunately, the troops involved - Royal Canadian Horse Artillery - were not in the City of Winnipeg at the time so this wasn't done and some had assumed that therefore this meant that the long standing practice had been discontinued. This is not the case and this year the ceremony in recognition will be carried on just as it has in years gone by.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I have a question for the First Minister. He has indicated publicly but not in this House that there is a possibility of a stall aircraft proposal for Manitoba. I wonder if he would be prepared to give us additional information to indicate when this is likely to occur in Manitoba and where.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I did not say that we were proceeding in Manitoba with the development - with the design and development - of prototype for a stall aircraft as such. What I did say is that we do have under manufacture here in Manitoba now a type of aircraft which relates in degree to some of the features of stall aircraft; and that therefore there was a case to be made by us to the Government of Canada with respect to some of the monies available from the Federal Government in developing stall-type aircraft. My point was and I think the Leader of the Opposition will appreciate this, that of the \$60 million paid by the Government of Canada to DeHavilland and United aircraft that surely there was some justification for proportional amounts made available to Saunders Aircraft here.

MR. SPIVAK: A question then to the First Minister. Of the \$60 million he's referred to, is he suggesting that the \$60 million was paid for by prototype of a stall aircraft.

MR. SCHREYER: Well, Mr. Speaker, this is precisely the reason I've made enquiries of the Federal Minister of Transport and Industry, Trade and Commerce and the Manitoba Minister, the Government of Canada - to determine the precise and exact nature of the grant because all the information I have to date is that this amount of money was made available by way of grant to DeHavilland and United Aircraft for stall aircraft development.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I have a question for the First Minister. In view of the fact that Manitoba taxpayers will be supporting Teleset Canada through the MTS, will Manitoba receive any business or employment through Aerospace and Electronic Industries?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the honourable member's question affords me the opportunity to clarify one aspect of the question he asked in this House the other day with respect to Manitoba Telephone System and Teleset Canada. The decision was taken by the Manitoba Telephone System perhaps three and a half years ago to put, I believe it was \$1 million into a share position in Teleset, Canada's domestic space satellite system. Now if that doesn't answer my honourable friend completely, I suppose he'll ask a supplementary question.

MR. PATRICK: Mr. Speaker, a supplementary. My supplementary was, will Manitoba receive any business - any business and employment as a result through the Aerospace and Electronic Industries here in Manitoba - as a result of participating in the program.

MR. SCHREYER: If the honourable member were to ask the Federal authorities, the answer would be yes. However, we are not particularly satisfied that the spin-off of technological development and electronic components manufacturing to firms here in Manitoba is particularly fair nor impressive, and we have been making representations through the Telephone System indirectly over the past few years. I can advise the honourable member that there will be some spin-off employment of course, in the sense that there will be a ground receiving station built at or near Pine Falls; there will be another one built at Churchill, and then of course, there's a possibility of one near Lynn Lake. Now all of that means employment during the construction period. Beyond that it does not seem like the manufacture of component parts will be taking place anywhere in Canada outside of the - perhaps Montreal or Ottawa area.

MR. PATRICK: A supplementary. If I understand it correctly then, representations have been made for some of the electronic work to be done here in Manitoba. Is that correct?

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

MR. J. R. (BUD) BOYCE (Winnipeg Centre): A question to the First Minister. Would the First Minister advise the House on the state of the reserves of Hydro?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the honourable member is referring to financial reserves, I suppose, and not the energy or generating reserves. Financial reserves of Manitoba Hydro are approximately in the order of \$13 - 14 million for the Rate Stabilization Reserve Fund and approximately \$25 million I believe for the Contingency Reserve Sinking Fund. It is possible to say that there is no need for any increase in rates in the next calendar year and it is extremely unlikely that there will be any need for rate adjustment in the year subsequent to that. In this respect matters are proceeding normally.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Question to the First Minister. I wonder whether he can inform the House as to the last occasion in which the Cabinet and the government reviewed the Public Utility Order with respect to the financial position of Hydro and its rate schedule.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I've always taken the position that when two Crown agencies or entities have somewhat different opinions then the position of Cabinet is to act as a parent with respectful neutrality as far as both are concerned.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Yes I have a question for the Minister of Health and Social Development. I wonder if he can inform the House whether the government has arrived at the decision for the use of the old Grace Hospital.

MR. SPEAKER: The Minister of Health and Social Development.

MR. TOUPIN: Mr. Speaker, there are still some loose ends. When the program for the old Grace Hospital on Arlington is determined finally all the honourable members will be made aware of the government policy.

MR. SPIVAK: I wonder if the Minister could indicate whether he has in his possession - or the government has in its possession various studies in connection with this that have been prepared as to the use of the old Grace Hospital.

MR. SPEAKER: The Honourable Minister of Health and Social Development.

MR. TOUPIN: Mr. Speaker, for the last couple of years now I have asked members of

(MR. TOUPIN cont'd) . . . . my staff to prepare recommendations for my consideration and in turn for my recommendation to Cabinet. At this stage I am in no position to relay any of this to the House.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I have a question for the Attorney-General, Mr. Speaker. I wonder if the Attorney-General could inform the House as to when the Intoxification Centre will be open in Greater Winnipeg.

MR. SPEAKER: The Honourable the Attorney-General.

MR. MACKLING: Mr. Speaker, you have allowed the question but so far as I can determine by the question I think it's a matter of policy clearly and one that I ought not to answer.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Yes, my question then is to the First Minister as Leader of the Government. I wonder if he could indicate whether there has been consultation with the Chief of Police in Greater Winnipeg for the opening of an Intoxification Centre in Greater Winnipeg - recent conversation?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, that is a matter of policy and a matter of administrative arrangement which the appropriate Minister will announce in due course.

While I'm on my feet, Sir, may I correct perhaps a misimpression. When I referred to the contingency reserves of Manitoba Hydro I believe I also used the term "Sinking Fund". Really the matters are quite separate and the contingency reserve is as I did explain in the order of 25 to \$30 million actually and the Sinking Funds which are held by the Minister of Finance are yet another separate reserve or fund held in the name of Hydro and I believe that's in the order of \$65 million.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I'd like to address a question to the First Minister as well in connection with Hydro. Some time ago I asked a question of him with respect to the sale of Hydro electric power by Manitoba Hydro to the City Hydro. Have negotiations been finalized as to the block purchase of power for the ensuing year or for the next contract? And if so, is there an increased requirement by City Hydro, because last year I think it amounted to something like 68 percent that they generated themselves and the additional amount was purchased.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I would be in a position to answer that question about one week from now but then Sir, because the Committee of Utilities will in all likelihood be dealing with Hydro's report some time in the next say, week to ten days or thereabouts, it would be altogether proper for the honourable member to raise that very question there.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Yes, I have a question for the First Minister. I wonder whether he can indicate to the House whether the contracts that have been awarded for the opening of the channels and the work on Lake Winnipeg regulation have been renegotiated or are the subject of renegotiation at the present time.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I have not been advised, Mr. Speaker, that there has been any need for renegotiating the contract with respect to the channeling - work required at the north end of Lake Winnipeg and Playgreen Lake.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development. Is the government planning to buy any additional land around the old Grace Hospital?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: I'm sorry, Mr. Speaker, there was quite a bit of chatting around me here and I couldn't hear the first part of the question.

MRS. TRUEMAN: Mr. Speaker, my question was: Is the government planning to buy any additional land around the old Grace Hospital Building?

MR. TOUPIN: I'm sorry I had the honourable member repeat the question - it's a matter of policy.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I direct this question to the Minister of Agriculture. Could he indicate to this House what are the state of the reserves if any as they pertain to the Manitoba Agricultural Credit Corporation?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, I think that kind of information should be a proper matter for an Order for Return.

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

MR. HARRY E. GRAHAM (Birtle-Russell): My question is for the Minister of Highways. Could the Minister indicate what the state of the reserves of the Manitoba Telephone System are?

MR. SPEAKER: The Honourable Minister of Transportation.

HON. PETER BURTONIAK (Minister of Highways) (Dauphin): Mr. Speaker, I believe that that question could very easily be asked at the Public Utilities meeting.

MR. SPEAKER: The Honourable Member for Birtle-Russell -- I'm sorry, Souris-Killarney.

MR. EARL MCKELLAR (Souris-Killarney): Mr. Speaker, I'd like to direct a question to the Minister in charge of the Elections Act and I don't know -- it's one anyway, but -- can a person be appointed as Returning Officer for a constituency and be an employee of a Crown corporation?

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, my question is for the Minister of Municipal Affairs. Will the Minister be announcing a policy in respect to the Manitoba Housing and Renewal Corporation so that people, the tenants, can be able to buy the low rental units?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs) (Selkirk): Mr. Speaker, there will be an announcement in due course in this respect. Much of this depends upon the present developments arising from present Federal re-examination of the National Housing Act and some amendments that may be proposed shortly to that Act at the Federal level. The province is examining these proposals and this question would to some extent depend upon an answer as a result of those developments.

MR. PATRICK: I wonder if the Minister can tell us if any of the other provinces are doing this at the present time.

MR. PAWLEY: Mr. Speaker, to answer the question of the Honourable Member for Assiniboia very literally, all provinces can do what he is suggesting at the present time, but it is impossible from a financial point of view for those on low income to acquire -- under present legislation and present financing made available through MHA -- to acquire these homes, due to the fact that the high cost of refinancing the short term would make it prohibitive. This is the reason for some proposals that are being looked at at the present time which might alter that situation. To my knowledge however no province is presently doing what the honourable member is suggesting in any large way. If it is being done it's being done despite the financial handicaps of doing so under the present legislation.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUMAN: Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development. Is the government giving consideration to raising the Social Allowance rates as they are set under the regulations of The Social Allowance Act?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: Mr. Speaker, the government is reviewing at all times programs that are there to assist those who need them most.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, I'd like to direct a question to the Minister of Municipal Affairs. In view of the assistance, additional assistance being given certain areas of Greater Winnipeg, is the government contemplating increasing the per capita grants to municipalities in this province?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Speaker, I know not what the honourable member is attempting to strive at whatsoever. I suggest the question is motivated by some form of mischief.

MR. FROESE: Mr. Speaker, ...

MR. SPEAKER: Order.

MR. FROESE: I direct my question then to the Minister of Finance. In view that certain areas of Greater Winnipeg are receiving assistance in the cost of municipal expenses, is the government giving consideration to increasing the per capita grants to municipalities?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, clearly that's a matter of policy. But -- no, I'll leave it at that.

MR. SPEAKER: The Honourable Member for Churchill.

MR. GORDON W. BEARD (Churchill): I'd like to direct a question to the Minister of Health. I wonder if he could advise the House what year they are going to start construction on the new hospital and medical facilities in Churchill?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: I would say very soon.

MR. BEARD: I wonder if the Minister could advise us which year.

MR. TOUPIN: Hopefully not too late in 1972.

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

MR. McKELLAR: Mr. Speaker, I'd like to direct a question to the Minister of Health and Social Development. Is there a study going on at the present time looking into all aspects of mental hospitals in Manitoba?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: Yes there is, Mr. Speaker.

MR. McKELLAR: Who is making this study and where did they come from?

MR. TOUPIN: Mr. Speaker, there are quite a few people involved in the study that is being conducted across the province at this stage. The study itself is being coordinated more closely by a Dr. Clarkston formerly from Alberta who was once a Deputy Minister of Health and Welfare I believe.

MR. McKELLAR: Mr. Speaker, what are they paying?

MR. TOUPIN: Mr. Speaker, I do believe that this answer could be given by means of an Order for Return.

MR. SPEAKER: Orders of the Day. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, by leave, I wish to make a statement to extend an invitation to all the members of the House to the eighth Manitoba Buffalo Barbecue in Assiniboia which will be held Monday. It will start with a parade and the full carnival treatment. May I also state to the members that Assiniboia is an Indian word given to a nomadic tribe of Sioux which roamed the plains of Saskatchewan and Manitoba, and the name means "one who cooks by the stones" and on Monday we'll be cooking the meat on the stones so I wish everybody will come and have a good time.

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: Mr. Speaker, I would like to echo the comments of the Honourable Member from Assiniboia. I am sure that both he and I will be there to wave to all our admirers, and we look forward to all of you spending your money in the western part of Manitoba.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I believe the question period is now over. Would you kindly call second reading of Bill 55.

#### ORDERS OF THE DAY - GOVERNMENT BILLS

MR. SPEAKER: On the proposed motion of the Honourable Minister of Finance, the Honourable Minister of Finance.

MR. CHERNIACK presented Bill No. 55, an Act to amend The Income Tax Act (Manitoba) (2) for second reading.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I would have been rather put out had members not asked that I attempt to explain this bill in my introduction. Normally tax bills are somewhat of an unpleasant duty to introduce and to deal with through the various stages. This particular Bill is one which I look forward to discussing with members of the House; and I admit that I have a great deal of personal satisfaction to open debate in principle on the Education Property Tax Credit Plan which is introduced by this Bill as an amendment to The Income Tax Act. It is I believe the single most important piece of legislation of a tax nature to be considered in



(MR. CHERNIACK cont'd) . . . . this House in many years; and it is just another step in the direction of fairness and equity in taxation, a goal that is firmly endorsed by this side of the House.

In general the Bill provides for tax credit benefits computed on the general formula of \$140.00 minus one percent of taxable income to a minimum of \$50.00, with the added restriction that the credit claim cannot exceed school taxes paid. And to insure that home renters as well as homeowners benefit from the plan a rental equivalent for school taxes of ten percent of annual rent has been established.

Mr. Speaker, we discussed the various tax reform proposals of the Federal Government. It's been a matter, a subject of interest for Canadians over the last number of years. The final bill that came out federally for income taxation did not in our opinion take care of the low and middle income people to the extent we thought they should. We argued that there should be greater exemptions at the lower level of income; we argued that there should be some form of tax credits - (When I say "we" I mean the Province of Manitoba, I can add the Province of Ontario) - having argued that tax credits is a much more equitable way of income taxation than the system of exemptions. And we were pleased that we were able to persuade the Federal Government to enable provinces to enter into a tax credit plan as part of the income tax system as it applied to the province which chose to do so. So far Ontario and Manitoba are the only two provinces which indicated that they wish to take advantage of it - to my knowledge, unless there's been some other discussion of which I'm not aware.

Mr. Speaker, it's really a tremendous stride forward to be able to bring in a form of selective tax cuts. The Conservatives nationally and provincially here in Manitoba have talked about tax reductions - and, Mr. Speaker, this is a meaningful tax reduction. Not a reduction to help the people in the higher incomes or corporate entities to have a greater take-home pay - and when I mean home I mean home - take-home pay to the shareholders; but really to recognize people of low income whose income may well be to some extent part of dividends declared by Canadian corporations but whose total income is in that lower bracket or in the middle bracket where there should be some recognition of their special need. And therefore it is a matter of pride for me, really a proud day for me that I'm able to introduce this kind of plan which will really mean something in relation to school taxes; the costs of education in the Province of Manitoba as it impinges on the real property base and also in relation to income and therefore in relation to ability to pay. It's a real step forward and will mean a very important part of the education property tax that is now being billed to the people of Manitoba.

Let me summarize briefly some of the major facets of the Manitoba plan. Every Manitoban who owns a home, who lives in it and who pays school taxes, and every renter of residential premises who pays school taxes indirectly through rent, will complete a simple Manitoba education property tax credit application form as part of the 1972 personal income tax return, and deduct the appropriate credit from personal income tax liability. Where the credit is greater than the income tax total then the person will receive a refund in the normal manner. Where there have been monthly or weekly deductions from salary made and remitted and the tax return at the end shows that the amount of the education tax credit is in excess of any balance payable then of course that will be refunded. In cases where school taxpayers do not normally file income tax returns because of inadequate income, the person will be eligible for the credit and can claim the maximum amount, since they're not income taxable, which would be the lesser of \$140 or the school taxes actually paid and they would have to complete a return and submit it in the usual manner. The very filing of the income tax return constitutes an application for the credit and the appropriate benefit will be paid to that individual by cheque by the Federal Government. For administrative reasons it was decided that all persons claiming a credit must submit an income tax return because that way the Federal Government is prepared to administer the entire plan for us.

I met with a couple two nights ago who were old age pensioners and we were talking about the cost of public school education and this burden on low income people through the real property tax. We discussed their income and I explained their entitlement to the \$50 credit in the School Tax Reduction Act which was passed last year which will come at the time of their tax bill and I explained this other one and I told them they'd have to file an income tax return and they said, "But we haven't been doing that for a number of years". I said, "How would you like to do it this time" and they said, "with great pleasure", Mr. Speaker, "with great pleasure" would they like to file an income tax return next spring for 1972 and therefore become entitled

(MR. CHERNIACK cont'd) . . . . to receipt of \$140 in reduction of their education property tax.

But, since, and I will deal later with some of the problems, since the people who have not been accustomed to filing tax returns may not know the procedures, and since they may not even know that it is necessary that they file the tax return, we will certainly have to have an educational program to acquaint them with that. We will therefore have a campaign lined up so that all people will be aware of their entitlement and take advantage of it.

I have for distribution, Mr. Speaker, a set of tables which were included in the Budget presentation, and I'll table it now, showing the impact of the Manitoba Education Property Tax Credit form on various family units by income level and family size. I would suggest that honourable members pay careful attention to these tables. As well as illustrating the credit entitlement of single taxpayers, married taxpayers, married taxpayers with one dependent under 16 and married taxpayer with two dependents under 16, the tables show the estimated distribution of benefits under this new plan.

Table 1 shows the gross income and the benefits to be derived on the assumption that the education property tax is paid will qualify the applicant for maximum credits. You'll see from that that the maximum -- well in the final column, the married taxpayer with two dependents under age 16, the maximum \$140 credit will be payable until that person's annual income reaches the \$4,000 income level. Then the benefits will be scaled down to \$127 at the \$5,000 annual income level; \$117 in the \$6,000 a year range; \$107 at the \$7,000 level, and so on down the line until the general \$50 minimum benefit floor is reached at -- actually at \$12,700 per year income level.

Tables also show the estimated distribution of the benefits. Approximately one in three single persons eligible for a tax credit will be entitled to the maximum \$140 amount while a full 80 percent of single claimants will probably receive in excess of \$100.00. Among married couples, over 30 percent of the claimants are expected to qualify for \$140; close to 75 percent can anticipate a benefit in excess of \$100.00. For married couples with children, between 25 percent and 30 percent of those eligible for credits are likely to be able to claim the \$140 maximum. No less than 50 to 60 percent should qualify for benefits in excess of \$100.00.

Generally speaking therefore, Mr. Speaker, for the remainder of claimants in all categories benefits will be between \$50 and \$100, though in some cases where school taxes themselves are so low that they are less than \$50 then the benefits would be the 100 percent of taxes paid. As well our calculations indicate that of all pensioners who normally file income tax returns and are eligible for education property tax credits, some 23 percent will receive the maximum credit and a full 94 percent will receive benefits in excess of \$100.00. All but about one percent will be entitled to credit amounts above the standard \$50 minimum.

In addition we expect that about 66 percent of Manitoba farmers who normally file income tax returns will enjoy the maximum credit amount of \$140 while a further 30 percent will have school tax credits of between \$100 and \$140.00. Thus some 96 percent of eligible farmers in the province will be receiving benefits in excess of \$100; and overall, every eligible farmer will be entitled to a credit of no less than \$50 unless the school tax happens to be less than \$50.00.

Mr. Speaker, despite various allegations to the contrary I'm confident that the cost estimates for the education property tax credit plan are realistic. The estimate was based on not just one but two distinct computations. One was based on the Ontario plan and one on the latest available income tax and dwelling units information.

The credits of \$140 minus one percent of taxable income, with a minimum of \$50, reached minimum levels at \$9,000 taxable income, that's after the exemptions have been deducted. In 1970, 320,635 returns had taxable incomes of less than \$9,000, the average taxable income of \$3,061 implying a credit level of \$109.00. Some 23,494 had taxable incomes in excess of \$9,000 implying credits of \$50.00. Some 155,998 comprised of 83,918 actual returns and 72,080 potential to cover non filers, had no taxable incomes and these will be entitled to credits of \$140.00. There are only 273,700 dwelling units in the province -- that is not including hotels, boarding houses, etc. -- so it was necessary to apportion the returns over the dwelling units. I'll give the formulae for those members who are interested: 320,635 divided by 500, 127 times the dwelling units of 273,700 produces a result of 175,471; at the average credit level of \$109 will produce \$19,126,339.00; 23,494, being the number of people with taxable incomes in excess of \$9,000, divided by the total of 500, 127 times the dwelling units of 273,700 produces 12,857 people at \$50, gives a cost of \$648,850.00. And then the non taxables of 155,998 divided

(MR. CHERNIACK cont'd) . . . . by the total of 500,127 times the number of dwelling units, produces a figure of 85,372, times \$140 is \$11,952,080; the grand total therefore arrived at as the maximum, absolute maximum cost of the plan, and I say absolute is still based on these assumptions I have given, of \$31,727,269.00.

There are various factors. Notably the fact that credits must be claimed by the spouse with the highest taxable income and that not all eligible persons will apply; that not all units are eligible or would be occupied tend to reduce this cost estimate, and on that basis we have estimated that the factors will reduce the cost to about \$28 million. Now the increase in taxable incomes between 70 and 72 would tend also to decrease the cost of the plan but this factor was assumed to be offset by the exemption changes that were implemented as part of the federal income tax revisions. My department double-checked against a different computation altogether and that is Ontario's calculation; and using Ontario's projections and its assumptions and applying them to Manitoba the figures arrived at for Manitoba came to 27.6 million based on the Ontario calculation of some 160 million for Ontario. So with these two checks we felt that we had arrived at a proper estimate of what it was.

For this year, Mr. Speaker, there would be double benefits. The Education Property Tax Credit Plan which we are now proposing replaces the School Tax Reduction Act, but not for the year 1972. Accordingly Manitobans are going to find themselves receiving what amounts to double benefits in relation to 1972 school taxes. Let me explain that we put through the legislation last year for the half of the education tax up to \$50 and we put it through and I believe we stated then - I'm quite sure we stated then - that we were still attempting to work out a formula for tax credits through income tax administration. We put it through, we put it in the works, we gave our undertaking to the people to do it, then we were able to work out the income tax plan, and we had a choice. We could have made the tax credit plan effective for the 1973 year which would mean that there would be absolutely no benefits payable until the spring of 1974 - that would mean a whole year lost to taxpayers; or we could have brought in the income tax credit system for this year as Ontario did and cancelled the \$50 rebate plan for this year as Ontario did; or we could honour last year's commitment for the \$50 and on top of that add the tax credit plan. And because people will not receive the benefit of the tax credit plan in dollars until they file their income tax returns in the spring of 1973, even though they relate both to 1972 income and 1972 school taxes, we felt that it was not wrong, that it was justified and fair that we pay the first formula which will be paid at the time of the billing of the 1972 school tax bills, or in the case of renters will be payable to them for the effective month of September and in addition give them that, and there may well be double benefits as a result of it.

I have a few examples which I think will explain this double benefit and might be of some assistance to me anyway in explaining it to honourable members. One is an example which would apply in the case of a married man with two children under 16 who owns a home and who expects to earn \$8,000 in this year 1972. Assuming he pays \$225 in taxes, then to calculate his tax credit he subtracts \$43 from \$140 - the \$43 being one percent of his taxable income of \$4,300 - from \$140, and therefore he will receive \$97 at the time he files his income tax return in the period February to April of 1973. The school tax reduction in his case would be \$50, payable in this current year at the time his bill is sent to him and paid by the Provincial Government to the municipality on his behalf and deducted from the tax payable from him, will therefore produce for 1972 a total relief of \$147 from off the school taxes of \$225 which is assumed to be his school tax.

The next example, would apply to a renter who is paying \$1,800 a year in rent. It is assumed - and that's only an assumption, but we are building that right into the formula - assumed that his taxes, his share of school taxes approximates 10 percent of the rent he pays. This is consistent with the Ontario assumption which is that 20 percent of rent paid are total municipal and education tax. In our case we're dealing with education tax, and therefore we assume 10 percent of the rent as being the tax equivalent, and in this case it would be \$180.00. Now we assume a married man with one child who earns \$6,000 annually pays rent of \$1,800 a year, therefore his school taxes are \$180.00. A man with one child who earns \$6,000 a year will have a taxable income of \$3,950; one percent being deducted from 140, he will then be entitled to a tax credit claim of \$100.50. He will also be entitled to the \$50 credit for this year which will be payable by actual cash payment or rent payment, rent reduction for that one month from the landlord by September 30th, 1972. And there are forms which the landlord

(MR. CHERNIACK cont'd) . . . . . will be required to complete and give to the tenant notifying him of his rights, and we intend to make sure that tenants know about it. I'd now tell you that in Ontario they've had considerable difficulty making sure that all tenants do get their proper credits from certain landlords; and it was found necessary to have a widespread campaign of information to inform tenants in Ontario of their rights; and there also had to be enforcement powers in relation to making sure that all landlords passed those credits on to the tenants. Now that should come and must come in September - the tenant on record in September is to have it deducted from his rent immediately, not spread over any period, either deducted from the next month's rent payable or paid in cash if he has paid his rent for that month; and he will get that then. Then in this case of the \$6,000 a year man, he will have received \$150.50 for 1972 out of an assumed \$180 in school taxes.

The third example would be one that would relate to people on fixed or low incomes, such as pensioners or farmers who would be entitled to receive the full benefits. A pensioner who lives in his own home who has an annual income of \$1,800 and pays \$200 in school taxes receives the maximum credit of \$140 because since he has no taxable income he will have no deductions from the 140. That he will do when he files the Tax Return - and he'll find it as quickly as he can, and we will do everything possible to make sure that he knows his rights and does do it. And as I've said before, it is a rather simple form being half the size of a letterhead as I recall it which is quite a simple form where he shows his taxes and his income and calculates his entitlements. He would get that when he files the Return, and he will file it as quickly as he can; and he will also receive the maximum property tax reduction of \$50.00. So that in 1972, the man without a taxable income will become entitled to \$190 in reduction of tax, say of a \$200 tax. And that is the impact of our proposal which clearly indicates that the ability-to-pay factor has been used; the education tax on real property is used in the calculation and administratively it's made simple and well to handle, because as I say is handled by the Federal Government with the filing of the same Return that most people file. And as I say we did not wish to follow the Ontario procedure of eliminating for this year the tax reduction and therefore if I admit it's possible that in some case in low and middle incomes with both programs in operation for this year it may be that tax relief received may be greater than the actual school taxes paid. And that is as a result of what happened that last case I assumed the tax of \$200; if the tax were \$150, \$160, then it would still be the same payments, so that the person in that case will have received a greater amount, but he will have received part this year's reduction in tax and part next spring.

I'll conclude, Mr. Speaker, by stating that we on this side of the House believe that the Education Tax Reduction Plan and the Property Tax Credit Plan are most meaningful tax reforms. Together with the previous measures that we've brought in during the term of our office, they will better enable Manitobans to share fully and equitably in the benefits of life that are offered in this province. And, Mr. Speaker, I am looking forward to what I expect to be some twisting and turning across this room by persons who have attacked the plan already; by persons who must know if they've made any sort of investigation that this plan is very similar to that introduced in Ontario, added a couple of nuances which I believe makes it better - and I'm just wondering whether the Leader of the Opposition will lead his caucus down the path of voting against the plan which is most helpful to the people of Manitoba in the lower middle income groups, and which is very much similar to what was introduced by the colleagues of this caucus in Ontario. By all indications, by all indications from the speeches that I heard from the other side in debating the Budget, they don't accept the plan. They intend to vote against the plan. I just challenge them to review what they said, to review what is proposed in this plan and to vote against the plan which will be dishelpful to so many people in this province who are in need of alleviation of taxation of the real property base on the cost of education.

So, Mr. Speaker, I conclude my introductory remarks on this Bill with an indication of pride on behalf of the government and our Party; and also an indication that I will try to pay heed to all that is said by honourable members during the course of debate on second reading. If there are any questions or doubts that arise, I will no doubt try to deal with them in closing debate or during the Committee stage.

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

MR. GRAHAM: O, if somebody has a question I'll defer my . . .

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: . . . if the Minister would permit one question. From the demonstration

(MR. FROESE cont'd) . . . . that we had, it was required that income tax be filed before the deadline I think. Is this a must or will the tax rebates or credits be granted even after April 30th of the year?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: I don't know where the impression was that they had to be filed before the deadline. --(Interjection)-- Well that's only - it's normal that people would file it as quickly as possible to get their credit but I would expect that if they file later, of course, they'll be entitled to it.

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

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

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

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: . . . to call Committee of Supply, Mr. Speaker.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Industry and Commerce that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

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

#### COMMITTEE OF SUPPLY

MR. CHAIRMAN: Resolution 75 (a) (1) - The Honourable Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Thank you, Mr. Chairman. Last night I had the opportunity of speaking during the last two minutes in response to some of these questions and some of the criticism levied by members opposite. We are trying to get some information to answer some of the detailed statistical questions asked of myself, some of which I have and can present to honourable members during the course of today's Estimates in discussion.

Mr. Speaker, last night I was stating that there is no adverse business climate in the Province of Manitoba. But I would say this, that if there is any lack of confidence in the Manitoba economy I sincerely believe that it's because of the many and various negative statements that have been made by the members of the Opposition Party in this province. There seems to be some people in the Opposition that seem to be bent on destroying what we are trying to build in this province. The destructive statements flow free and easily. In some ways and some statements have flown from the Honourable Member from Souris-Killarney; in some ways these statements can be considered nothing more than a bit of a nuisance, but it does leave the impression to others that Manitoba's economic situation is relatively poor.

And the facts are, Mr. Speaker, according to the latest statistical information which is available to us from the Federal Government that there was a considerable amount of economic progress in the Province of Manitoba during the past year. You know, and I'm not really going to bore members of the House by reading off various statistical tables and so forth and so on, but let me just mention a couple of highlights. Last year Manitoba's gross provincial income reached a record level of nearly 4.1 billion dollars, which was a 9 percent increase over the previous year; our personal income per capital increased by 8 percent; for the first time in five years Manitoba's farm income increased; factory shipments increased by 5.8 percent last year over the previous year; agricultural production increased by 18.2 percent - to give us an all-time high value of \$553 million. Forestry products output increased by 19.4 percent; the average weekly wages as reported at the end of 1971 in December were 10.8 percent higher than they were in the year previous. And then you say to yourself, aha - but there was inflation, and a lot of that's inflation. Well even if you calculate the inflation factor and in effect deflate those figures and put them in what they call constant dollars, Manitoba's real wages or wages measured in constant dollars increased by 5.6 percent in 71. Retail trade increased by 8.4 percent; housing starts were up by nearly 20 percent; and investment intentions - and this is the latest information we have for 1972 - investment intentions for Manitoba show a 9.5 increase - in 72 over 71 compared to a Canadian figure of 4.8 percent. In effect, Mr. Chairman,

(MR. EVANS cont'd) . . . . according to the investment projections - this is based on a survey that Statistics Canada does with private investors and public investors across Canada. They do a very complete survey and ask these various corporations, public and private, to indicate what they might spend in the forthcoming year; and the figures show 9-1/2 percent intended increase for a total investment in the Province of Manitoba compared to what I said was less than or approximately half of that for the Canadian total. Our sales generated from export promotion were in excess of 3 million. So all in all the fact is that 71 did show considerable economic progress.

Now if there is, as I said, Mr. Chairman, any lack of confidence in our economy, I would lay the blame on the doorsteps of members opposite who continually want to harp and carp, nit-pick and frivolously attack minor cases of bankruptcy or receiverships that seem to be related to the MDC. And the peculiar part of it all, most of these loans - I think with the exception of one where some money was lost - were loans that were made long before this government took office. And I'm not going to refer to those companies again because I don't want to hurt them. But there are a long list of small companies that members opposite and other people in this province bent on undermining confidence, happened to pick on and make a mountain out of a mole hill more or less. And I said this may simply be regarded as a nuisance factor, but on the other hand it can have some serious consequences.

In the case of Flyer Industries, I believe I indicated that the day after the members opposite raised a number of questions about viability of Flyer Industries, Flyer Industries had to send a man down to Edmonton to assure them that the buses would be manufactured and delivered to them as had been agreed to. They were wondering whether they should cancel their order. Likewise with the AM General deal, the American Motors General agreement. A telephone call was received from the United States - what's going on, are you going out of business? You know, and you say well we're living in a gold fish bowl. Well if anybody is causing us to live in a goldfish bowl it's members of certain groups that insist upon blowing up everything out of proportion, Mr. Chairman, you know. Then I could go on to say well what did Her Majesty's Loyal Opposition do for business development in Manitoba when they were in government. We could point to CFI, and surely, Mr. Speaker, this particular agreement made by Premier Roblin, this particular project puts everything else that's ever occurred in connection with the MDC or the MDF as it was called into insignificance. Everything else pales into insignificance. You know somebody raises a question about a particular company in south-western Manitoba, you know, a few thousand dollars of a loan, which incidentally was made several years ago but you know making a big thing out of this. This is peanuts compared to CFI, indeed everything is.

What about Columbia Forest Products? Here is another case where you have a situation which is quite serious, a situation where there has been a considerable amount of money lost. And if members opposite would like to discuss this in more detail I am quite prepared to discuss it. We tabled the agreement and I certainly am prepared to go into some detailed discussion of this.

I was asked the other night, last night, what were the guidelines for the MDC, had they changed and so on and were we following them. I can advise members opposite that we have definitely followed the guidelines that I laid down and suggested that were guidelines for general economic development by this government, that is we were interested in sponsoring industries that were relatively pollution free, that were labour intensive, that were high wage industries and hopefully could be located in areas other than the City of Winnipeg. That does not mean that we are not assisting development in the City of Winnipeg, by all means we are. In fact the bulk of the staff of Industry and Commerce and of course the staff of the MDC are located in Winnipeg. Winnipeg has many things going for it that Killarney hasn't got going for it or Rock Lake, the area of Rock Lake or the area of Steinback or Winkler or what have you. But you know have we followed these guidelines? I can say categorically, Mr. Chairman, that we have and I would like to refer to one very prime example and that's the Town of Gimli whereby we have been able to bring in companies that are pollution free in their production, they're labour intensive, they're high wage industries. I refer to Allwest Marine; I refer to Saunders Aircraft and I refer to a recently announced development Mitisubishi-Greenwood Prefabricated Homes. All of these companies in great measure fit well within the guidelines of the Manitoba Development Corporation.

But I can tell you, Mr. Chairman, one guideline that we don't have is a guideline to give

(MR. EVANS cont'd) . . . . away money, to give away assets to particular vested groups or private groups. We want to assist development but we are certainly not going to give the assets that might be worth a million or two to a private company for two dollars as was the case of Columbia Forest Products.

One member made reference to providing employment opportunities in Manitoba by stimulating primary resource industries. Mr. Chairman, I find this hard to believe that the honourable member is serious, because if you look at our primary resource industries, at least in terms of job creation, in terms of employment, what are you looking at? You're looking at agriculture; you're looking at forestry; you're looking at fishing; you're looking at mining. Those I suppose are among the four major primary industries. You could also look at fur trapping and so on. But all of these areas either are not producing more jobs because of technological changes or simply because we don't have the particular resource mix to provide plenty of employment opportunities in those particular resources industries. As a matter of fact in agriculture because of changing technology you have a diminution in the number of jobs that agriculture can provide. So surely we can't look as much as we might like to look at primary resource industries for job creation. Even with the forestry industry there's a limit to how much more jobs you can look forward to in forestry and certainly fishing does not show any signs of any major expansion.

The number of jobs potential -- the amount of job potential I would maintain, Mr. Chairman, is greatest in the manufacturing sectors and in the service industry sectors, which is a very broad sector, actually when you talk about service industries you are talking about a collection of 25, 35, 45 separate industry groups. You are talking about professional services such as law or medicine, you may be talking about government services. This includes transportation services; it includes personal services such as barbering and so on. So when you talk about the service industry you talk about a very wide spectrum of activities. But there is a limit also to what the service industries can provide in the way of economic growth because we can only take in one another's washing to a given level. The fact is that manufacturing does provide still the best multiplier effect on employment in the province and as long as Manitobans insist upon having to purchase goods and services that are produced elsewhere in this country or in this world whether they be bananas or oranges or whether they be automobiles or refrigerators made elsewhere, we have to produce goods and services in Manitoba to earn income to purchase these items. And although some elements of the service industries do provide for the earning of export dollars so to speak, and I refer particularly to the tourist industry, to the hotel industry, and there are one or two others -- the sale of engineering services for instance to an underdeveloped country or the sale of architectural services to some underdeveloped area, this does provide dollars for us in Manitoba. But there is a limit to what other areas of what the service sector can do in the way of earning export dollars for us. And today I should tell members opposite, and every member in the House, that our estimate is that one in two jobs in Manitoba are directly related, and I guess indirectly related, to exportation of Manitoba's goods and services; one in two jobs.

But having said that, having made this observation about manufacturing let me say that we are not sitting idly by in the tertiary sector. We have conducted, and as I indicated in my opening remarks, a number of productivity audits and one of the largest productivity audits that is now being undertaken is with the hotel industry. I believe there are over 100 hotels involved. Most of these are small hotels and most of them are located in rural Manitoba and members opposite or any member in the House need only talk to the Manitoba Hotel Association and their committee that's working on this with the department, to find out how pleased they are that we are prepared to assist them and upgrade their efficiency and improve their operations generally. We have community management programs in rural Manitoba which does involve all kinds of businesses not only manufacturing but also service industries.

Mr. Chairman, some of the questions that were asked and comments made were those that have been asked many times before and I think that I can add little in the way of reply.

I would like to, however, in closing make reference to one particular question that was asked by the Honourable Member for Fort Garry and that was with respect to Japanese-Manitoba trade relations. I simply want to state that it is true we had a very large mission here I believe late last summer from Japan and -- as a matter of fact I believe they spent more time in Manitoba than they spent in any other province which we were very pleased with -- and there have been a number of developments arising out of that. I think we have made a number of contacts

(MR. EVANS cont'd) . . . . with Japanese companies, I can't say that a specific industrial enterprise, the establishment of a particular specific manufacturing facility was related specifically to that mission, but I can tell you that there is more Japanese businessmen interested in investing in Manitoba today than ever before. And there is a case of recent date that I would refer you to and that is the Mitisubishi-Greenwood development in Gimli. There is Japanese money involved here, many hundreds of thousands of dollars I believe and we are also getting Japanese technology. They have apparently some very advanced technology in the field of pre-fabricated homes. As a matter of fact this is their first development in North America, apparently they are going to set up some development in parts of the United States. But we are the first in all of North America to utilize this high Japanese technological development in house construction. I would hope that perhaps later in this year we may have another business mission within Manitoba of various business people and professionals and so on and perhaps one of the visits could be up to Gimli and we could see, and hopefully this company will be in operation by that time, they've announced, I think they will be, and we can see some of the other companies, including Saunders, including Alwest Marine and so on.

But let me say this: that there have been three follow-up missions of a very detailed nature from Japan to Manitoba in the last three or four months. The companies involved were the Sumitomo Company, one of the Mitisubishi corporations and just yesterday the Marubeni Corporation. All of these are very large multi-million dollar corporations, they're very diversified. They are not only interested -- they're not here to sell because they have sales agents across Canada to sell various products. For instance the Marubeni Company has a Canadian corporation which does handle its sales, but the people who visited us were people from Japan who want to look at the buying possibilities, the possibility of buying from Manitoba companies, and indeed we've taken them around yesterday to some companies which we think have possibilities for them. They are also interested in investing money and they have had conversations therefore with various investors and I believe they did visit the Manitoba Development Corporation. So we're talking about something very specific here that is occurring.

I should also add, Mr. Chairman, that in these discussions we try to involve as many departments as possible. I believe the Member from -- I'm not sure whether it was Rhineland or what have you -- the other day made reference to -- or perhaps it was the Member from Birtle-Russell, I've forgotten -- made reference to the tie in of agriculture with industry in this province and I agree wholeheartedly. I might add that we have involved several departments in all of these meetings with the Japanese delegations, for example -- as we do with other visiting delegations. For example, yesterday we had representatives of the Department of Mines and Resources and representatives of the Department of Agriculture meet with the Japanese visitors, and we've done this on other occasions as I've stated. I think something very specific is coming out of this and has -- and will come out of it. And you want to know what's happened. I could retort to my good friend from Fort Garry and I could ask him what happened after Lord Rothschild came here, you know, I mean you people put on some pretty smashing shows and brought some people here and I'm still waiting to hear what Lord Rothschild has done for Manitoba. --(Interjection)-- Well that's a good reason. I haven't heard from him yet.

In turn, Mr. Speaker, we have led trade missions to Mexico and we've had something very concrete come out of these Mexican -- we've had two trade missions to Mexico in the last eighteen months and we've had something very concrete come out of both of them or are about to come out of both of them. We've had pleasant experiences of results and we look forward to more good results. Likewise with our visit to Czechoslovakia, we've now had at least two visits of groups from the Czechoslovakian trade delegation to Canada and to the United States and there is another group coming I believe next week and we certainly have a lot of products that we think we can sell them. And similarly there are hopes of other trade delegations coming not to sell but -- well maybe they would like to sell but also to buy.

Just one concluding point before I sit down. It's hoped that if all goes well that we will have a trade mission to Japan possibly in October of this year involving a fairly large delegation, representative of a cross section of the Province of Manitoba.

Mr. Speaker, there were a number of questions asked in quite detail and I don't know whether I should take any more time in answering some of these in detail. Maybe I should just make one last point and give you some statistical information. I believe a question was asked of the Communities Economic Development Fund, they would like more precise information.



(MR. EVANS cont'd) . . . . I indicated yesterday that I was very pleased although they'd only been operating for a matter of months with the amount of progress that has been made, that while the total figures do not look glamorous or dramatic in terms of the total output, the figures relating to these isolated communities are very very significant for those communities.

So far we've had 47 applications submitted to the Board and of those 47 -- and incidentally before an application becomes a firm application we usually have considerable discussion with the applicant because in some cases the applicant is simply wasting his time by even filling out an application form, so I say that when you get an application it's usually based on some pretty solid opportunity. So out of 47 applications 40 loans were approved for a total of approximately \$740,000.00. This amount created approximately 135 jobs or involved approximately 135 jobs. The type of industries are very broad. There's three in the wood products field for instance, seven related to the tourist industry, five in the trucking and contracting business, for example - I'm just giving you some of these as examples - three in restaurants; two in the garment plant, I'm sorry, one; one in wild rice processing; there's even one for garbage disposal activity.

I will endeavour to provide more information on other aspects of our operation later in the Estimates.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, the Honourable Member for Thompson says - well I won't repeat what he says exactly, I don't want to use the words - but to give him some opposition, I think that's what he means. Naturally, I'm very interested in this department dealing with Industry and Commerce and with the development of our province. I certainly like to see this province go ahead much faster than we're doing and not necessarily using the public sector. Mr. Chairman, I think I should read a few paragraphs into the record of the B. C. Government News because it gives a report of what is happening in B. C. and I think we could learn a lesson from them.

MR. CHAIRMAN: Order, please. I don't see any reference to British Columbia in the Estimates of the Department of Industry and Commerce ...

MR. FROESE: I'm talking about Industry and Commerce, Mr. Minister ...

MR. CHAIRMAN: We're dealing here with the Department of Industry and Commerce in the Province of Manitoba, not in British Columbia or Saskatchewan or Alberta or Ontario or anywhere else. The Province of Manitoba, to that point please.

MR. FROESE: Mr. Chairman, ...

MR. CHAIRMAN: Order, please. To the question that is under discussion.

MR. FROESE: Well that's what I'm speaking to, Mr. Chairman, to the industrial development of this province and how it relates to other provinces. Certainly we must draw comparison in order to find just where we are and what should be done in Manitoba.

MR. CHAIRMAN: Order. I'm not going to engage in a debate with the honourable member.

MR. FROESE: Well I would like to read a few comments into the record ...

MR. CHAIRMAN: Order, please. I said that the honourable member would have to speak to the question that is under discussion. We're discussing the Department of Industry and Commerce in the Province of Manitoba.

MR. L. R. (BUD) SHERMAN (Fort Garry): On a point of order, Mr. Chairman. We're under -- the particular vote that we're under, which is the Minister's Salary, do not all members have a pretty far ranging, wide ranging latitude in dealing with the subject. The member is dealing with Industry and Commerce. There should be no limitations on the terms of reference of his dealing with Industry and Commerce under this particular vote.

MR. CHAIRMAN: That may be true. As long as it deals with the Province of Manitoba - not with other provinces.

The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Chairman, my point of order is that we are dealing on the Minister's Salary and I think it has been the practice of the House - that all departments - to have a fairly wide ranging discussion on the salary and it's very difficult to confine one's self to Manitoba if you want to make a telling point. It's often necessary to go out of the jurisdiction to make a comparison, and I would hope that you would give as much as the book permits, as much latitude to all members - at least on the Minister's Salary, because this is a very important Department and I think we should be able to have a fairly far ranging discussion.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, on the point of order I must say I'm inclined to agree with the Honourable Member for Thompson. Of course you do want to keep the discussion in line with the department that is involved, but we are on the Minister's salary; and may I indicate that if there's a comparison, a direct comparison with another jurisdiction then it seems to me that that is a fair approach. Of course if it goes beyond any comparison with Manitoba then I think you'd probably want to listen to what is being proposed or make a ruling on it but I don't think on this side we're that inclined to be as rigid on the salary. I think when we move beyond the salary you will then want to recognize that there was far ranging debate and the items beyond the salary should be confined to the items before us.

..... continued on next page

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, as stated I certainly will be speaking on Manitoba no doubt, but this is -- after all we're elected as members of the Legislature for Manitoba and for a certain riding; but I think our people are interested too what is happening in other provinces and how we compare with what's going on in other parts of Canada. And also to what extent does the Federal Government contribute toward expansion both in the industrial and manufacturing and so on in the various provinces; and this is a matter of debate I am sure in all the provinces and all the Legislatures of this country. I would like to make mention here that what happened in British Columbia certainly can apply here and that we should be doing something likewise. I also would like to point out later just what the economic conditions are and the outlook, and then I would ask the Minister just what we can expect here and also make attention and draw comparisons with what is happening in Manitoba.

Yes, Mr. Chairman, and I'm reading here: "First, Canada is too small and scattered in population and too large in area to exist as a closed market and still expect to maintain the high standard of living and level of government services Canadians rightfully demand. We must therefore be outward looking in trading associations for our production. The most important natural logical market for Canada is the United States. Accordingly British Columbia recommended the Government of Canada commence immediate action on establishing a common market, common trade market, with the United States to provide complete trade between our two countries within ten years. A system of quotas for some agricultural products might be required due to different seasons in the two countries." Mr. Speaker, Canada has unutilized labour and under-utilized resources which could be developed if a larger market existed. And I think this is true that we're not using our labour resources to the fullest extent. We have large groups of unemployed people yet we have the natural resources that need to be developed and should be developed and that here is a great area that could be improved upon. I think the development of trade between Canada and the United States certainly is another area that should be improved so that certainly we have no quarrel with this and I would later draw some comparisons.

"Secondly, is British Columbia's long-standing proposal for the implementation of a nationally administered guaranteed annual income for all Canadians through a negative income tax, Federal Government payments to any Canadian with income below a national standard would create market demand and provide the opportunity of a national standard of living." Again if we had this, certainly this would mean that we would have more purchasing power. Our people would have additional purchasing power to purchase goods and therefore create a bigger market.

MR. CHERNIACK: Would the honourable member permit a question, Mr. Chairman.

MR. FROESE: Yes, why not?

MR. CHERNIACK: What exactly did the Premier or Prime Minister rather of British Columbia do about a guaranteed annual income?

MR. CHAIRMAN: Order, please. I don't think that question is in relation to the discussion -- that's out of order.

MR. FROESE: I wouldn't mind answering the Minister but if the Chairman rules me out of order I will not comment.

MR. CHAIRMAN: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Chairman, just a question of clarification. Would the honourable member mind rereading that particular sentence because I sort of gathered that he was advocating a guaranteed annual income and I'm not quite sure what the essence of his statement was, so if he wouldn't mind rereading it, you know.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Well this is quite a change. Now I'm supposed to repeat what I was reading -- before I wasn't even allowed to read what I wanted to read. And I'm going to repeat the second paragraph namely: "Second, is British Columbia's long standing proposal for the implementation of a nationally administered guaranteed income for all Canadians through a negative income tax, Federal Government payments to any Canadian with income below a national standard would create market demand and provide the opportunity of a national standard of living." This is the second -- (Interjection)-- I will speak on that as well when the time comes.

"Mr. Speaker, the Economic Council of Canada in a publication released late last fall stated job creation to be the major challenge for the 1970's. This government earlier recognized this problem and acted upon it. Honourable members will recall that during my Budget address

(MR. FROESE cont'd) . . . . last year, I said a defined goal of this government was to create more jobs within British Columbia setting a minimum objective of an increase of 25,000 in the number of people gainfully employed between October 70 and October 71. Mr. Speaker, I am pleased to report to this House this minimum target was not only reached but in fact exceeded by nearly twice that number with 73,000 more British Columbians working in October 71 than in October 70. This represents an increase of 9.1 percent, the highest rate of increase in Canada and to my knowledge in any country. The employment increase over the period of the rest of Canada was only 2.6 percent. The creation of these many more jobs not only accommodated 57,000 increases in the province's labour force but reduced the number of persons unemployed by 16,000. This performance is in stark contrast with every other region of Canada. I stated at the Federal-Provincial Conference that if the rest of Canada had performed as well as British Columbia economy in the creation of jobs, Canada would not have an unemployment problem today. The creation of more jobs is a major thrust of this government's current policy. Programs contained in the Budget proposal I present today will continue this government's determination to increase the number of jobs for those of our own residents entering the labour force and the thousands of new workers, many with families coming into British Columbia from other regions to take up residence here." And I'm sure that many Manitobans have gone over and found jobs in British Columbia, the very ones he was speaking of.

And one final notice here: "Another important contribution not to be overlooked in British Columbia economy is the Provincial Government's Home Ownership Assistance Program introduced in 1966, it is an unqualified success; to date almost 84,000 families . . ."

MR. CHAIRMAN: Order, please. The honourable member's starting to stray and I wish when he's through reading that document that he would table it.

MR. FROESE: Fine. I think I can get another one.

". . . introduced in 1966, it is an unqualified success; to date almost 84,000 families have received outright grants for low interest second mortgage loans. In the last year alone 27,000 applications were received for this assistance. The policy as laid down in the 71 budget speech have proved most effective in stimulating both the public and private sectors of the British Columbia economy."

Mr. Speaker, I could go on but I will refrain myself from doing so. There are -- (Interjection)-- I'm not through that, after I'm finished my speech. I feel that certainly there are various areas in Manitoba that could be improved upon. The economy as a whole certainly needs improving. Last year the Economic Development Advisory Board when reporting to the Economic Development Committee had in this report some of the things to say, and I would like to read a couple of paragraphs from that report because I think it's apropos to what we're discussing; and I'm quoting here: "When we speak of economic development for our province," - this is the Advisory Board's report - "we have in mind a concept different from the concept of a maximum economic growth rate. We wish to advocate the pursuit of economic growth and optimum rather than at a maximum tempo by an optimum economic growth rate as distinguished from a maximum rate. We mean the most rapid possible increase in real income per capita of Manitobans consistent with certain definite constraining conditions such as" - and these are the constraining conditions, Mr. Chairman. "1. Ensuring full employment including the minimization of underemployment." I have no quarrel with that. "Secondly, improving the distribution of future income among Manitobans." This is questionable as to how this is supposed to be done; and I would certainly like the Minister to comment afterwards in connection with this report what has happened and . . .

MR. EVANS: I wonder, it's a question of information. I didn't hear the name of the report and the author of the report. Is it the Economic Development Advisory Board Report?

MR. FROESE: This is the report of the Standing Committee, no the Advisory -- the report of the Economic Development Advisory Board that was made to the Manitoba Economic Development Standing Committee of 1971. I got this from the library so that later on if he wants to get it -- I'm sure he has a copy in his office. ". . . certainly minimizing the fluctuations of Manitoba's aggregate real income over time." Here again what are we really speaking of? I've noticed that so often that under our marketing boards we're not allowed to have higher prices. I know the Wheat Board sets prices for the given year, and there's no possible way of receiving a higher price than that set by the Board, so there's no way that it can fluctuate unless you have higher yields. But the price can't fluctuate - and I don't subscribe to that principle at all because I know other crops that are not under the Wheat Board from time to

(MR. FROESE cont'd) . . . . time you can have much higher prices; and if that is what is meant, particularly in this quote here, I certainly take exception to it.

Then the next item is the minimizing regional disparities of income within Manitoba. Certainly we go along with that, but what has been done in that regard? How much of the disparities have been removed? And here I would like to know from the Minister whether any effort has been made; whether any progress has been made in this direction. I notice from the financial statements that were tabled the other day in one of the committees - I didn't get copies of them so I haven't had the time to study them. I got my copy from the Clerk, just borrowed it. I would certainly like to look at them in a much greater detail to be able to comment on them in a better way, because it seems to me that many of these companies - a development corporation makes a loan; they run into a crop of trouble; we then put in more money and take equity in them and controlling stock - and what actually happens is they become Crown corporation and many after a little while acquire the monopolistic powers or in other words they are an only industry of its kind in the province and I feel that this isn't a good thing in itself, because what do we see when we look at Crown corporations and I think we have good examples at the Federal level. We have a number of Crown corporations set up by the Federal Government such as Air Canada. --(Interjection)-- the Member for Inkster says, terrific. Well they provide a service but how do they compete with the other airlines? Then next we have CN, the CN Railway versus the CP. What's the situation here? We, each year have to subsidize CN by large amounts, by millions of dollars every year. It's unable to compete. Why can CPR remain in business and produce profits when CN has to be subsidized every year? Take a look at CBC, another Crown Corporation. That one has to be subsidized by the millions too. Whereas private companies, both in radio and TV, well they make profits and how can one organization, one company make profit and the other one have large deficits? This is a particular aspect that Crown corporations are plagued with or in my opinion something that goes with the Crown corporation, that the costs are higher because you haven't got, in the management you haven't got that same drive, you haven't got the same concept there to have a profit because the company will remain in business regardless of whether they show a profit or not, they just call on the Canadian taxpayer to subsidize it, and this is what's happening. I am just wondering with all the corporations that we are taking over through acquiring equity in these various companies whether this won't be the case for many of these companies as well.

I notice, for instance, Macy's that they have a long-term debt of a million and a half dollars. Their net loss operating statement was 27,000 last year, in total it's now 56,000 according to the statement. Well, at that rate, somewhere, somebody will have to pay that cost and how long are we going to carry them at that rate? Is this going to be an arrangement that will be indefinitely? I haven't been able to check on the other companies because I hadn't had the time, I only got these statements last night. But certainly all these companies were in trouble and we have been putting in additional money.

I was going to mention the Fox Lake Mines because here - we went out there to have a look when the mines were opened. The Japanese put in a big investment. How is it faring? Is it doing well? We never hear how those companies make out from foreign countries investing a lot of money in mine here and certainly they've never called on us to subsidize their companies. How do they do it that they can show earnings and our companies do the reverse, especially when they become Crown corporations.

Then, too, for instance like Macy's, giving them a long-term loan of a million and a half dollars. What is the basis on which a loan of that type is made? Surely there should be grounds that the company eventually should be a success and so that the monies borrowed to them or loaned to them could be repaid. I'm questioning the Board's ability to make loans if this is the case, that we have one company after another with large debts, large amounts lent to them and with very little or hardly anything coming out. I would like to see the Minister comment on this later. The matter of --(Interjection)-- Pardon, I couldn't hear you?

MR. EVANS: Mr. Chairman, for clarification. I do not have any of these reports with me. A question of . . .

MR. CHAIRMAN: The Minister can make his clarification when the member has completed his speech. No point of order. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, before when I made comments from the report, I mentioned regional disparities. I wish to bring in with this particular matter the matter of the Morden Cannery. Why did this government buy the Morden Cannery instead of the Winkler Gannery? The Morden Cannery was owned by Canadian Cannery a large company that could

(MR. FROESE cont'd) . . . . stand a loss. The Winkler Cannery was owned by Co-op Vegetable Oils and I'm sure that it was available, they could have purchased that one. I'm sure the president, Ray Siemens is well-known to the Honourable Minister because he's been placed on one of the prominent boards by this government, so I'm sure there must have been communication between the government and the Board of Co-op Vegetable Oils and the matter of the cannery must have been discussed on occasion. What was the reason why they rather bought the Morden Cannery? I feel that the Winkler Cannery had been in operation much longer, been in operation more recently. The Morden Cannery had been closed for some time. Why then buy the Morden Cannery and leave the Winkler one out; not only leave it out but buying up some of the equipment in the Winkler Cannery and putting it in Morden so that the Winkler one couldn't be put into operation at all. Was it because of the water rates? I know Morden has water rates of 16 cents and the people of Morden are subsidizing the cannery in that town by subsidizing the water rates. Was this the issue? I would like to know more about the Morden Cannery, how it's operating, whether it's got a surplus or not.

Certainly I'd be interested to hear the amount that was processed, the inventory on hand, the prices they're obtaining. Because I happened to be on a Board of the Winkler Cannery some years ago and I know of some of the problems that exist with that particular industry and one of them is the freight differentials that they're up against. Not being able to ship goods to the east because of the high freight rates and being unable to compete with eastern canneries. The matter of dumping. I know on many occasions the eastern industries would dump canned goods in Manitoba and just create chaos with prices in Manitoba. What is the situation? Are you experiencing any other kind?

Another question is - what about the chain stores? Are you able to sell to them? Is the market open to your cannery for these type of goods? Were you able to obtain the market that was held by the Canadian Cannerys before - that they had before? I think this is very pertinent and certainly a matter that should be made available, the information should be made available.

MR. CHAIRMAN: The Honourable Member has five minutes.

MR. FROESE: Going back, I'm sure that I can't finish in five minutes but I'll do whatever I can. So much for minimizing the regional disparities in income within Manitoba. I will drop it for the time being because of the lack of time that I have.

Next is the point "securing and retaining indigenous control over our economic affairs." What progress has been made on this particular point? Have we been getting any more control over economic affairs? I certainly haven't heard that this has been occurring, if the Minister has anything to report. And these were matters that I think were adopted by the committee, the government certainly accepted the report. The final constraining condition was "ensuring adequate management and control over our ecological environment." This is also very important in connection with Manitoba Hydro. I don't think we'll discuss that just now; maybe we can discuss that portion some other time because that's a subject in itself.

The Minister I think took great pride in stating what was happening in Manitoba, that the per capita income had increased, that farm income was higher. But, Mr. Chairman, it's not nearly high enough. The prices that the farmers receive aren't nearly what they should be and the income of the farmer should be increased. Has the department any areas in which, or any plans as to how to increase the farmer's income in Manitoba? The Minister of Finance says the tax reduction. I welcome the tax reduction for farmers but here again I don't think it's filling the bill. Certainly the farmer is still not on equal ground with the city dwellers. If the farmer's land was freed from taxes, school taxes especially, then he would be on more equal grounds with the city dweller, because I'm sure the farmer would be willing to pay taxes on his farm home just like the city dweller does and get the tax credit that is now going to be made available to him and to the city dwellers. Certainly the Tax Credit Plan is in favour of the . . .

MR. CHAIRMAN: Order, please. Would the honourable member come back to the topic under discussion please. Not wander off on to Tax Credit Plan.

MR. FROESE: Thank you, Mr. Chairman. The reason I comment on it was because the Minister of Finance interjected and so I -- the trouble is when I comment on it I'm out of order.

Mr. Chairman, earlier I mentioned the U.S. trade. What is this government's position in connection with that? Is it the same as the NDP Party in the Federal House? I feel that they are not so kindly to that kind of trade and especially not for those people to invest in Canada, that the NDP Party does not subscribe to having United States come in with their dollars, although we go there and borrow money wherever is possible and whenever possible especially

(MR. FROESE cont'd) . . . . when we need it but we don't welcome their investment and I don't agree with that policy.

I would like to quote from Economic Conditions and Outlook from the article I read before because it just gives you an idea as to what is happening in some other provinces. And I mention, I'm quoting here: "Consumers spending particularly on automobiles" this is British Columbia, " and other durables increased retail sales more than 10 percent, to 3 billion, 460 million and was supported by a 10.1 percent increase in personal income to 7 billion, 800 million. The value of private and public investment in the province was at 3 billion, 657 thousand, 22.3 percent greater than in 1970. Almost three times the 7.9 percent increase for the rest of Canada." That's a pretty good record. Substantial increases occurred in every category. "The 28 percent gain in housing starts in British Columbia reflects our government's policy of home ownership assistance and the modest easing in mortgage rates and increased availability of mortgage funds." Then again . . .

MR. CHAIRMAN: Order, please. The honourable member's time has expired. Would he table the document from which he's been reading? The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I will not take too much time because my colleague has taken some time last night to speak on the Department of Industry and Commerce, but I wish to say that the industry in this province as industry in any province, pays taxes, property tax, sales tax, licence fees. This is the kind of revenue that's required by the province for many other things, for roads, for social services, for education and development of industries most important.

Also I would like to say that we would have transferred some of the money that is spent in the Department of Welfare, transferred to the Department of Industry and Commerce so the Minister would have more money to develop job opportunities for many people in this province. But, Mr. Chairman, I did not and I object very strongly to the Minister's statements which were on the point of blackmail in this House a few minutes ago when he accused the Opposition members of this side that they were responsible for the climate in this province. I think it's wrong and I would like him to retract that statement.

Mr. Chairman, you know real well who is responsible for the climate in this province. Who is responsible? It has to be the government. Let me be frank, I would say there were problems in this province before, so all the problems for the climate that's been in this province for the last three years is certainly not totally responsible by the government, of the NDP government. So I'll admit to that and I agree. But to what the Minister just said lately I disagree, because seriously and certainly, Mr. Chairman, it's the members on the government to a certain extent who really do have the responsibility and they are the cause of the climate in this province.

Who's the cause for increasing of taxation? The government. We have the highest personal income tax in this province, the highest corporation tax of any province, so who's responsible? It's the government members. We just had a succession duty put on, and not only we have succession duties put on but one of the backbenchers or some of the members on the government side have the audacity to say we don't only believe in succession duty, we believe in complete confiscation of estates. That's the philosophy of the members. So who is the cause of the climate in this province? --(Interjection)-- No, Sir. The Member for St. Matthews, and I've quoted the quote to him many times.

Mr. Chairman, the First Minister and even the Minister of Finance continually talk about redistribution of wealth in this province and the shift. But the problem is that this one percent that make \$20,000, less than one percent that make \$20,000 is getting smaller and smaller and some of the people that are left in this province they're leaving because they're not prepared to be taxed completely or taking half of their income away. So who is responsible - is it the Opposition or is it the government? Who is responsible? They, they create a climate in this province for industrial development. Who talks about nationalization of industry of businesses? The members on that side, the members on that side. --(Interjection)-- That's right. Who refers to business and industry in this province as corporate fees, corporate fees. Who talks about corporate fees? The members on that side, the government members, the government members.

MR. CHAIRMAN: Order, please. We can't have five or six speakers at one time. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, we hear statements as "parasites" -- "business parasites" - and it doesn't come from this side it comes from that side, and the Minister has

(MR. PATRICK cont'd) . . . . the audacity to say it's the members on the opposition that create the climate in this province. That's not so, Mr. Chairman, it's the government, it's the government. More recently --(Interjection)-- I'll agree the Member for Winnipeg Centre did not say this - but there are members that have said so and it didn't come from this side. More recently the government has put sales tax on production machinery and surely this will have some effect. It will have some effect on industry or attracting industry to this province so -- but the kind of statement, the kind of verbiage that's coming out from that side of the House is much more harmful, is much more harmful to having industry come into this province than what we say on this side really, or at least what we said in the Liberal Party. The Minister of Finance knows himself, he says, we'll take it away from the people that have it. But each year, but each year there's less and less of those people, less and less of those people.

So, Mr. Chairman, there's another area that I will -- I don't want to take much time because I understand the Member for Brandon may not be here this afternoon; he wants to make a statement. But I feel that not only that even with the five percent of air flights I think that we are going to Balkanize this province and the country so seriously the Minister of Finance should have another look. The other day the Minister of Industry and Commerce announced what a great breakthrough he made, and he's bringing in the Japanese industry to build houses in this province. And he took the credit for it and I see by a News Release here that Ottawa, the Department of Industry and Commerce, has taken the credit - in their News Release they stated that they were able to bring the two principals - the two companies involved, Misawa, President, . . . of Kataoka, Chief Research Executive of Misawa Homes and Mr. Dobi were brought together in their department. They were successful in bringing it here. But I disagree with both governments, I disagree, I think it's -- we have some of the best builders in this province, in the whole of Canada, the largest builder and who are building some of the cheapest homes in the country. And I'm referring to Quality Construction, Home Development, Metropolitan Construction who are the large, large - who are large volume of home builders, not only in this province, but they build as per contractor more homes than any other contractors in western Canada. So instead of -- and the problem is if the market would be here, but, Mr. Chairman, we've build 2,500 at the most and sometimes we don't reach 2,500 units a year - and we have as I say real good builders. I believe the money would have been much better spent if we would have taken the grant from Ottawa and taken the money that the government's going to put into this company from Japan and said, look you must use it for research, research in the way that we can decrease the cost of home building. Because we have the people here with know-how, with tremendous amount of experience, know-how to build in this climate. Furthermore the company that we're bringing here I understand use cheaper lumber, use spruce lumber in some of their products which in a couple of years you won't have - the whole walls will be twisted and you will have serious problems like with -- when you really resort to the cheapest type of construction. But I believe if you were to put this money into research of cheaper homes in this province with respect to the companies that you've got at the present time in here I think you would have been much more successful. --(Interjection)-- Really I haven't got time.

I say to the Minister we need industry; we need it in the worst way because that's where the revenue comes from, that's where the tax dollars comes from. And surely he may try his hardest, but with the kind of static that he's getting from his backbenchers; not from this side, from his backbenchers he will have a difficult time and his department will have a difficult time. Furthermore I would like to see him have more money to create jobs to be able to assist industry. So I believe that this is the government, and it's the members and the Minister himself has talked about local industry, about local industry. He doesn't like the foreign capital -- I don't know if he does but some of the other members don't like it. I know one of the members has called a corporate . . . in fact he named the companies: The Bay, Eatons, Safeway Stores and so on. They were named in this House not too long ago, a few days ago - and that's . . . So I say to the Minister the problem is with some of the people on the backside of your front benches on the back of the Minister and --(Interjection)-- Well they're probably on the Minister's back that's why he's got all his problems. But I will not take any more time. I just wanted to put on the record I dislike the statement what the Minister said because surely I think the statements referred to his own people were much more proper than stating it to this side. I'll have more comments to make later on but I want to give the floor to the Minister or the Member for Brandon because I know he won't be here this afternoon.



MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: There seems to be an indication by the Member for Assiniboia that he can give the floor and I don't quite feel that's so. I would like to speak briefly. I heard him say that the Member for Brandon West will not be here this afternoon; nor will I, and we have about 13 minutes -- no, I'll try to keep myself confined to about five so that the honourable member could speak, but the fact is he spoke yesterday as did other members. I can't give him the floor but I'll sit down, if I'm not interrupted, as soon as I can.

But there were speakers on the opposite side who spoke yesterday and the Member for Assiniboia now about climates and I wanted to say something about climate too. It's warm outside; it sometimes rains - the climate that we have, the physical climate is one that we all accept and many of us enjoy very much; and I know that there are very many people who have come to Manitoba from outside of Manitoba who look forward to living in a province where the air is still fresh to breathe; and where we are not yet polluted and where we do have a good environment for life - so I'll leave it at that.

Then talk about the Member for Assiniboia's rejection of the accusation about creation of business climate. I don't know if he heard the Member for La Verendrye yesterday; I don't know if he heard the Member for Fort Garry - he didn't, so I suggest he read the speeches. I listened to them and I would say this: that climate is something, business climate, is something that is a very intangible thing. We all contribute to the feeling of people; and the reactions of people and certainly statements that are made by anybody in Manitoba can be adverse to the advancement of enterprise within the province. I don't apologize to statements that are made on this side of the House nor do I completely absolve members across the House from failing to participate in helping Manitoba grow. And as the Member for Inkster has said on occasion it's the right of any member to use his opportunity to speak in such a way, that is, redounds to what he thinks is the right thing to do, which includes political advantage to him, and I recognize that right.

But let's talk about climate. If we in this House are deeply concerned about the need to tell the truth, then it would be helpful. If we all tell the truth, then it would be helpful. But then when we start interpreting what we think is the truth, then we can all do damage, or benefit, depending on how we manage it. I had an occasion not long ago to meet with some of the people who I would say are leaders of the economic community in Winnipeg, and we talked about business climate, and I said, who creates climate? And they said you, the government, just like the Member for Assiniboia, you, the government create climate, and I said just where is the rest of Manitoba? What role do you fellows play in creating climate? Oh, they said, we do nothing, we only interpret. So I said well then let's hear what you have to say. There were a few specific things. One, stated by one of the well-known people in Manitoba.

1. Since your government came into power you've employed 85 architects, employed by the government and have done untold damage to architectural firms in Manitoba, to the extent where they've had to close down, cut down to the extent to where they have thought about moving. Eighty-five architects you've employed. So I went back to check on it. I found that in July of 1969 there were nine architects in the Department of Public Works. Now as of last March there were 13 in the Department of Public Works, an increase of four. In July, 1969, there were two architects engaged in consulting and administration for particular agencies or commissions, now there are five, plus one, plus one term person on temporary. Five and nine is fourteen, an increase from nine in July, 69. That's not anywhere near 85, but this person in all honesty, and with full belief, believes somebody who told him that we had hired 85 architects. An absolute falsehood. I don't know who is responsible for his learning that. The fact is he believed it. And if he believed it he told others and he admitted to me, he had used this figure on a number of occasions. Somebody had told him; somebody told him a falsehood. He believed it. Why did he believe it? Because he's been conditioned to think that this government is doing everything it can to break down enterprise. So he believed it, so he is prepared to tell it. When I gave him the facts and pointed out to him that with our housing program alone, and with our expansionary budgetary policy of construction, we have employed more architectural firms from outside government, and involved them with more work than the previous government has done. Therefore we have done more to stimulate but that doesn't change the economic conditions. There may well be architects that have been put out of work because of the general economic conditions, but don't blame it on the government unless you want to do it for political advantage. Because if you go around -- and I'm not accusing

(MR. CHERNIACK cont'd) . . . anybody here, I don't know who told this man 85, it was false. And the truth was 13, an increase of five if my arithmetic is right. Now that's on architects.

Then I was told by the same person, by taking over the auditing of the universities, of the MDC, of Hydro, and Telephones, you have actually cut down the numbers of people employed by the actuarial, the accounting firms in this city, and you are damaging the accounting firms. So I went back and I checked it, and these are the figures of what we did, and we did it, we made the Provincial Auditor the auditor for these Crown corporations. Manitoba Hydro Board in the 1970 fiscal year end had paid \$23,000 to an outside firm of accountants. The following year they paid 16,500 to the Provincial Auditor, that is they saved some six and a half thousand dollars out of \$23,000, and they got -- I don't want to say a better service -- a more extended service because the Provincial Auditor who reports here knows the auditing requirements throughout government and is able to apply tests which applied to Crown corporations, to non-profit corporations, so that he was able to give a report as to whether policies were being carried out. But there was a saving there. That's the largest withdrawal of business, and don't tell me that a large accounting firm in Winnipeg, and this is a large firm, suffers by a loss of gross revenue of \$23,000, because that's all they lost. Manitoba Telephone paid \$16,000 both to the private firm and then to the Provincial Auditor. Brandon University paid 5,750 to a private firm, 5,000 Provincial Auditor; University of Winnipeg, \$6,850 to a private firm, 5,000 to the Provincial Auditor. The point I'm making is not the savings but the fact that we are getting an accounting which is similar to the accounting that we get in all government departments and none of this could have had a real effect on accounting firms but this man believed that it did. And he got that idea somewhere, and he got it from general talk.

The next thing he said to me, that you hire a \$20,000 a year man from the east, you've got to pay him \$25,000.00. That's what he said. He said if I want to hire somebody who earns \$20,000 in Toronto, I've got to pay him 25,000 to come here, because of taxation, because -- I'm sorry I'll try and finish quickly. The Member for Assiniboia talked about this one percent, this high income tax, so I asked for a little study to be made, and I find that if you compare Ontario and Manitoba at the level of say \$15,000, taking selected tax burdens, and these tax burdens are calculation of personal income tax, health insurance premiums, property taxes, gasoline taxes -- these are major taxes -- and I find that at the \$15,000 level of income, the differential is \$50.00. At a \$20,000 level the differential is \$240.00 more in Manitoba, greater taxation. At the \$25,000 level the greater taxation, the differential is \$450.00. Then we get another little exercise. We took the former government's policy on premiums and said now suppose we hadn't made the shift from premium tax to income tax, what would have been the result? We find that the differential then would still have been under the previous government's formulae \$175.00 greater cost to Manitobans than to Ontarians. So the differential that we are responsible for with pride I say it, because we think our program is right, \$300.00 on a \$25,000 level.

So don't talk about 5,000, recognize 300, and then tell me the difference in cost of living and the amenities of life in Winnipeg or anywhere in Manitoba compared with Toronto, and the differential of \$300.00 is nothing compared to the cost of the home, compared to real property taxation. The mere cost of the home and the interest on the differential is tremendous. But people are talking and no doubt, nobody will deny on that side, they keep talking about the highest personal rates. The Member for Assiniboia says it every time he gets a chance, as does every other member from his side to the right and they're all talking about increased -- the highest income tax in the province, in Canada. They say it all the time. The differential is peanuts even at the \$25,000 level. Now if you want to go to the \$100,000 level, there's a bigger differential I admit. I don't apologize for it. Climate is created by all Manitobans, and you play your role and we play a role, and the Minister of Industry and Commerce does his best --(Interjection)-- But you listen too. I will talk to the backbenchers, I am talking to you, and I don't think you're listening.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Chairman, . . .

MR. CHAIRMAN: Order, please. Order. The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I have one or two minutes, and we've had a lot of talk about the economic climate in Manitoba. I understood the Minister to say that he thought the climate was all right. There's been a lot of protesting here but he did say that if the climate

(MR. MCGILL cont'd) . . . . wasn't all right then it was due to a large extent to the kind of criticisms that were being directed at it by the Opposition. Now I don't know, Mr. Chairman, whether the Minister conceives of the Opposition as being some kind of a cheering section for the government and the Industry and Commerce, but that is not our intention, nor our function as we understand it. Now I would think that the Minister has to review the definition of public enterprise and private enterprise. If you're going to be a public enterprise you have to suffer the scrutiny of the public because they are the people that are running it. You can't have the best of two worlds, Mr. Chairman. You can't have the privacy that goes with a private corporation if you wish to be a public enterprise. So I suggest that really what we're trying to do is to give the public the information which they should have on these operations.

You know if our criticisms and our desire for information is so damaging to these corporations, it would appear that they're of the hothouse variety and of the very delicate type that they can't stand opening a window to give a little ventilation to them. So if they're going to wither and die with a little fresh air from the outside, Mr. Chairman, maybe we shouldn't be preserving this kind of industry, and I know the Member for Inkster would agree with me because it seems to me when he sat on this side of the House he used the same argument.

MR. CHAIRMAN: Order, please. Order, please. Order. The hour being 12:30, I'm leaving the Chair to return at 2:30 this afternoon.