

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Friday, April 21, 1971

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 28 students of Grade 2 and 3 standing of the Brock Corydon School. These students are under the direction of Mrs. Croll. This school is located in the constituency of the Honourable Member for River Heights, the Honourable Leader of the Opposition.

We also have 26 students of Grade 6 standing of the Pembina Crest School. These students are under the direction of Miss Friesen. This school is located in the constituency of the Honourable Member for Fort Garry.

And as my guests we have 55 students of the Mayer Luther High School of Mayer, Minnesota. These students are under the direction of Messrs. Nelson, Verseman and Miss Schneider.

There are also 30 students of Grade 10, 11 and 12 standing of the Elm Creek College. These students are under the direction of Mr. Alexiuk, and Mrs. Rebeck. This school is located in the constituency of the Honourable Member for Morris.

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

GOVERNMENT BILLS - (cont'd)

MR. SPEAKER: Prior to recess we were on Bill 6, I believe, and the Honourable Member for Riel was up. He's got 25 minutes.

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet): Leave of the House to table a report . . .

MR. SPEAKER: The Honourable Minister of Agriculture. The Honourable Member for Morris on a point of order.

MR. JORGENSON: I wonder, Sir, if I may hear what the Minister of Agriculture wants leave to do, and then we can decide what . . .

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: I want to have leave to table a report which is being tabled both in Alberta and Saskatchewan at the same time, simultaneously. Mr. Speaker, I am pleased to table the report of the Inter-Provincial Study Committee on a proposed prairie agricultural machinery institute involving the three Prairie provinces.

MR. SPEAKER: The Honourable Member for Riel. As I indicated he had 25 minutes left.

MR. CRAIK: Mr. Speaker, I won't take the 25 minutes but I do have a few more things that I wanted to say on the Succession Act. Since second reading we are talking primarily about the principle of the bill, I think that there are - Bill No. 5 - that there are a number of important points, matters of principle, that have to be pointed out here. First is that although the government has expressed its desire to bring in an equitable taxation scheme in Manitoba, there is some question about whether there is equity in the tax rates that are being applied under the Succession Duties Act, particularly in respect to the rate being set by the value of the estate, rather than by the value of the particular individual amounts going to the recipients.

But the point is most important, and most unique about this bill, that we finished off on just before lunch, Mr. Speaker, was the feature whereby charitable donations are limited. They're limited under the Succession Act, but this limitation does not apply under the Gift Tax Act and these being companion bills, raises the question as to why a person would be limited in his donation, his or her donation, to the likes of the Winnipeg Foundation at death and not before death, although I understand from our preliminary meetings we had on this bill that if a person makes a substantial donation to the Winnipeg Foundation or some other charity, and then dies shortly after that, that there are provisions in this Act to determine whether the person was on his death bed when he made the gift, that it can then be interpreted not as a gift but as a part of the succession dollars that are distributed. Now this is getting down to, I think, a pretty degrading position where a person has to be, or a death has to be investigated to see whether, in fact, the person knew he was going to die when he made the gift; but we do essentially have this provision in there, and although it might be restricted to particular cases where there is large gifts made it nevertheless is still a feature of the legislation that these

(MR. CRAIK cont'd) investigations can be made.

Now we always get, when we bring up a point, whether it's succession duties, or income tax, or corporation tax, we always invariably we get the reply from the other side succession duties, look at B.C. B.C. has got a tough Succession Duty Act. We talk about income tax, we get the reply, look at New Brunswick; we talk about corporation tax, we get the same reply, look at New Brunswick, look at elsewhere, and, Mr. Speaker, there's always a reason, a justification that the government gives, and it's always based on what somebody else is doing somewhere else, but if you add up all the taxes, if you add up personal income tax, corporation tax, and succession tax, there is no province in Canada that is more discouraging to the individual than Manitoba. You can mount all the specious arguments you want to about an individual tax, but when you look at the combined tax rate, Manitoba now takes the cake, and I'm absolutely sure when the Minister of Finance gets up, he'll pick out a specious argument from each one of us here, and say, "you didn't get to the heart of the bill," and I'm sure in this case, from the few words that I addressed to this bill, that he'll get up and say "ha ha he thinks there should be a \$500,000 exemption on Succession Duties Act," and we can build an inverted pyramid on that argument. The same sort of thing that the First Minister accused the Member for Morris of last night, of taking a fairly isolated case and building a major case on it.

Now, Mr. Speaker, that's the art of a good debater to do that, and the Member for Morris is a good debater, and he's quite capable of doing that, and the First Minister was on pretty shaky grounds when he was attacking the Member for Morris for being a good debater, because that's essentially what he was doing. But what we get, Mr. Speaker, --(Interjection)-- so there's no . . .

A MEMBER: You people are so sanctimonious all the time . . .

MR. SPEAKER: The Honourable First Minister on a matter of privilege.

MR. SCHREYER: Yes, the Honourable Member for Riel has attempted again to quote me or paraphrase what I said in the way that is extremely inaccurate. At no time did I suggest that the Member for Morris was a good debater.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Well . . .

MR. SPEAKER: Order please.

MR. CRAIK: Mr. Speaker, . . .

MR. SPEAKER: Order please . . .

MR. CRAIK: There's no time when we would expect the First Minister to suggest that either so we'll agree with him on that, we'll agree with him one hundred percent, he never said that. So he's very right on that, we would not expect that of the First Minister. But that is the sort of reply that we'll get from the Cabinet. We'll get a very narrow specious argument presented very forcefully, completely isolated from all the other facts of the bill, and from the basic principle of the bill, but proving a very remote point, but doing it well - and we'll go without answer to the bill. The principle of the bill is what is at stake here. Is it equitable taxation, or is it not? And there is pretty strong evidence to indicate that it is not and that's the major point.

Now, the other point I want to make is that we hear a lot about the ability-to-pay principle which vertical equity is based on in the economist's terms. But, Mr. Speaker, what the people are asking now is; we've heard this argument so long they're starting to say the ability to pay who and for what. And when the people start asking, adding the who onto the statement, then they start asking questions.

The government has tried time and again to prove that there is a breed of rich people in this province, and a breed of poor people, and they still have to get at the rich people, and after they do that they're going to solve all the problems of Manitoba. This very case was made by the Minister of Finance on this bill, and when he presented the bill to the province he made the statement in his announcement - if I can quote this - "Mr. Cherniack took great pains to explain that very few people will be affected by the new Succession Duties taxes and that family farms will be preserved". He went on to state that the succession duties and gift taxes are intended to promote equity in the tax system. While this may satisfy the socialist passion for equity at any cost, it is difficult to understand how the burdens of our less fortunate citizens will be eased if his statement is correct, if only a few substantial taxpayers leave the province, and if even only a few private businesses have to be sold or wound up". This is from the Tribune paper on Saturday, February 26th, 1972.

(MR. CRAIK cont'd)

Well, that's the point, Mr. Speaker. I think that if they are trying to provide equity and then soften the blow by saying that really it's going to affect very few, well if that is the case how is it going to do anything for the many, then who is it supposed to benefit? The arguments are self-defeating, and I think that the government will admit it. There's really not that much money in it, they're projecting \$4 million and there's some question, certainly in the minds of the professional people in the business as to whether they will realize any sizeable portion of it. But that's the basic argument, is first of all whether there is equity, and secondly, whether the ability-to-pay principle hasn't been terribly overworked, because although we hear the term the ability to pay, we never get told who has the ability - the tax rate of the Minister of Labour, the Minister of Labour with his guilty conscience over the amount of money he makes, that \$25,000 a year plus his pension . . .

MR. SPEAKER: Order . . .

MR. CRAIK: His income tax rate under 1972 law is, if he's calculated it, is probably about 56 percent by the time he adds the provincial --(Interjection)--

MR. SPEAKER: Order. There is still forty minutes time to each member allotted according to our rules. I have not denied the floor to anyone, so everyone has an opportunity who hasn't debated up until now. The interjections do not help the debate. The Honourable Member for Riel.

MR. CRAIK: Thank you, Mr. Speaker. The point that I was trying to make here is that the ability-to-pay principle is gratifying in some respects because if I have read the 72 Tax Act correctly, the Minister of Labour making \$25,000 a year with a grown family is probably paying 45 percent federal tax, and 42 1/2 percent provincial on top of that, which brings him to --(Interjection)--

MR. SPEAKER: Order.

MR. CRAIK: . . . to 55 to 60 percent of his marginal dollars are going equitably to the well-being of Canada, or to the well-being of Manitoba, and for that I am gratified. I think that is tax equity particularly when he's paying it, because since we've now established the fact, Mr. Speaker, that those rich people that everybody's been talking about, that at least thirteen are lined up on the front benches over there, we're all in the position of being one-minded. Even the Opposition thinks it's a good idea for the Minister of Labour to pay 60 cents out of his marginal dollars into taxation. We enjoy that very much, so the government can drop their arguments now. We've now told them who the rich people are, unless they want to come back and tell us who they are, because we sit and look at them every day. With those few remarks which I'm sure have enlightened the Minister of Finance greatly, I would like to finish off by saying that I think that this bill has been rushed despite the fact that he thinks it hasn't been. We have had become available to us today the Report of the Bar Association, it has gone to the government. I understand that there is a lot of very valuable information in it and I would hope at the committee stage, when we get to this bill, that the least we can do is make some amendments to it that will correct some of the anomalies that now exist, such as raising the limits on husband-wife transfers and also on allowing more flexibility for the charities to receive money without the government taking their rip-off. With those few remarks, Mr. Speaker, I'll . . .

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Well, Mr. Speaker, I really didn't think I'd have an opportunity to speak on this bill because when it was brought in I just assumed that we are a progressive bunch in this House, and the bill would shoot through here like garbage through a sea gull, in one day and out the next, and I find myself in the position where I think I should say something in view of the position I have taken on this a couple of years ago.

I am rather amazed at some of the statements made by the Opposition, the charges that have been made, and the tears that they have been shedding so generously, and faithfully, and consistently since the bill was introduced. I hope they have run out of tears and look into the bill itself, instead of being constantly, it seems, like apologists and the defenders of the ultra super duper rich of Manitoba --(Interjection)-- He keeps asking the silly question, who are the rich? Well the bill clearly specifies, if you've read the bill, by that definition it's anybody who inherits over \$200,000 is considered rich. Now you may not like that definition - I suggest to you that 97 percent of Manitobans would consider themselves pretty well off if they inherited or made that kind of money.

I notice that the Leader of the Opposition, as is his habit, was pleading also on behalf of

(MR. BOROWSKI cont'd) the special interest -- and that's not surprising, I noticed the Member for Charleswood the other day defending the establishment or the heirarchy of Hudson Bay Mining and Smelting because one of the members here complained of the high wages they were getting, and even had the audacity to suggest that the union leaders there were crooks, and were not paying any income tax, or weren't contributing to the community. I understand there's a telegram in now asking the Opposition for, or asking the Member for Charleswood to resign for making those statements. I'm certainly not - nobody's going to make that suggestion from here regarding the Official Opposition because we know, you know as one who has supported the Conservative Party for years, we all know what they stand for, who they stand for, and who they have faithfully served for the past hundred years. And they have - you know they are very clever, Mr. Speaker. Whenever they've got an argument to sell in this House, they've always got to bring up the little guy and say "You know that little son-of-a-gun is the one we're really interested in" -- and hope that they can get him to support their ridiculous proposition.

In the Ste. Rose byelection, Mr. Speaker, I recall speaking at a packed hall -- at Rorketon or Ste. Rose, I'm not sure which place it was --(Interjection)-- where? --(Interjection)-- Winnipegosis. And at that time questions were being asked regarding the estate tax, and I'd like to quote what I said at that time and I think the Premier made the same statement. This is the Free Press, April 2, 1971 and the headline was: "Joe Attacks NDP Cabinet" - and one of the things printed in that story was: "Estate taxes in Manitoba are basically a rich man's tax and as far as I am concerned I would like it to go higher." I don't have to tell the members of the opposition how the farmers that you were to be representing cheered when I made that statement -- and the Premier made that statement throughout the campaign. And I went on to say and I quote: "Exemptions for farmers should be increased to \$200,000 from 50,000 to protect the family farm." Well be sheer coincidence - that's all it is - we did bring the exemption up from \$50,000. --(Interjection)-- Well I made my contribution but after all I'm just one out of 29 or 31 members.

So we've done to protect the farmers that you were supposed to be representing because there's no question that the Conservative Party is the Official Opposition due to the generosity of the farmer - the voters on the farm areas --(Interjection)-- Pardon? --(Interjection)-- and understand. Well --(Interjection)-- both. I think that we'll perhaps see what the farmers have to say come next election because I'm going to suggest --(Interjection)-- I'm going to suggest that when the next election is called that all the members on this side arm themselves with speeches made by some of the members on that side, and particularly the Leader who aspires to one day be the Premier of the province --(Interjection)-- What he is proposing, his version of the Magna Carta for the rich for this province and the other day he spoke to a Chamber of Commerce and I think he said: "If I'm elected Premier, I'll cut income tax by ten per cent." That's his Magna Carta for the rich of Manitoba and those things we are going to clip out of the paper and out of Hansard and use at election time so the people of Manitoba aren't fooled any more as they have been for 100 years, so they will know where the Conservative Party truly stands. --(Interjection)-- Well it doesn't make much difference. One doesn't change his colours whether he's in the federal politics or provincial politics but I think it's interesting to consider some of the statements being given out here.

I think one of the members said that the tax - the Social Credit member said that the tax was discriminatory; one of the members -- Birtle-Russell member said it was discriminatory and he went on to explain why it is discriminatory and I have to agree with him. It is discriminatory. Deliberately so - as income tax. It is discriminatory against the three percent rich in this province. I really don't know why anybody should be terribly shocked or offended by it. The income tax system is based on it. If you make under x number of dollars, you don't pay any income tax. And the Liberal Party I understand just passed legislation exempting 700,000 more Canadians from paying any income tax at all. And people who can't deduct their income tax under a corporation pay up to 79, I believe, 79 percent of their total earnings and I haven't heard too many people complaining about that. And yet when you're talking about something that's given to you they suddenly feel somehow it's a terrible imposition to ask that some of it revert back to the state so the state could redistribute it and help those that really don't have the ability, or the organizational power or the organization - whether it's the trade union or the Chamber of Commerce - to help themselves. --(Interjection)--

The Member for Rhineland, according to Hansard that I've read, he's even gone so far as to quote the Old Testament where he said: "The Lord loves a cheerful giver." And somehow

(MR. BOROWSKI cont'd) he wanted to tell us, this pagan society of ours, -- that we should depend on the generosity of the rich. I suggest to the members of this House and the Opposition, if we depended on that all of us here would be probably be working for nothing because they sure wouldn't give it to us. We have discarded the notion of giving, of cheerfully giving, and this something that we've discussed here before and I'm sure we'll discuss again -- should any system, whether it's the school system as one of the members suggested -- I'm sorry, the University system where he suggested that we take away the gift privileges that somehow the universities won't operate.

Well, Mr. Speaker, it's a sad state of affairs we reach when we have to depend on the generosity of the three percent or five percent, whatever it may be, to run our educational system and I think it would be a sad day in this province if we allow a tax system to grow topsy turvy as it has where we have to depend, really depend -- whether it's the Winnipeg Foundation or any other organization has to depend totally and competely on the generosity of this few super duper who live in the comforts of River Heights or Tuxedo or wherever they may be. -- (Interjections)-- Well, Mr. Speaker, all I can say in closing is that the members should realize that they simply do not speak here in the House but their speeches will be quoted outside and that it is my intention to see to it that their speeches are properly distributed to those people who they pretend --(Interjection)-- to be representing in this Legislature. Thank you.

MR. SPEAKER: The Honourable Member for Morris --(Interjection)-- The Honourable Member for Riel on a question.

MR. CRAIK: Mr. Speaker, did I hear the Minister correctly saying --(Interjection)-- oh, I'm sorry. Did I hear the Minister correctly when he said that anyone could claim \$200,000 under the Succession Duty Act?

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: There's two figures I believe. One is 150,000, the total maximum as compared to \$50,000, I understand, under the old system before it was transferred - before it was transferred.

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, is he not referring -- when he says \$150,000 to a widow or to a spouse that survives? --(Interjection)-- No, not children.

MR. SPEAKER: The Honourable Member for Thompson.

MR. BOROWSKI: Mr. Speaker, I don't know if there's any point in answering. I hope the member's not suggesting that we should treat a married family with kids the same as we treat a single person as some of the members seem to be implying in their speeches.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSON: Mr. Speaker, as you know, Sir, I normally rise very reluctantly -- (Interjection)-- in this House in order to participate in the debate and only on rare occasions can I be provoked to add a few comments to those that are made by members opposite. And the Member for Thompson in his deceptively quiet way always manages to insert a few shafts in his speech that when one can hear him you are provoked to rise and reply.

One of the things, Sir, that always strike me about the defence of honourable gentlemen opposite when they're talking about taxes is that they never talk about where they're getting the taxes from. It's not their money they're spending and I often wish that it was their money they were spending, they'd be a little more careful with it.

A MEMBER: They think so, though.

MR. JORGENSON: It's the money that comes from the people of this province contributing their talents and their energies to creating wealth in this province. There is a motivation that people have in order to do that and that motivation is to be able to provide for themselves. This government is systematically and deliberately attempting to destroy that initiative and that desire on the part of the people in this country. I quote it right. I quote it from a statement made by a good friend of this government, made up in Swan River some time ago and I'll paraphrase what he said at that time that high taxes are -- nothing wrong with high taxes. The country in order to be civilized has to have high taxes. --(Interjection)-- Well you know, Sir, --(Interjection)-- if the measures of high civilization is high taxes then we ought to be indeed very well civilized in this country. But why stop there? Why not reach the ultimate in taxation and form a totalitarian system and take everything away from the people. They have nothing. --(Interjection)-- Then that must be by the measurement standards that are declared by this government, that must be then the ultimate in civilization --(Interjection)-- Well, Sir...

A MEMBER: . . . said, if you don't want low taxes, what about high.

MR. JORGENSON: You know, they seem to think that they can put an arbitrary figure on what is wealth and what is poverty, never taking into consideration the possibility that what might be poverty to them may be wealth to that individual; and what may be considered wealth to them may be considered poverty to that individual. I wonder, Sir, let's take the case of a young man with a family of five or six going on a flight and all he has to protect that family apart from the income that he has is a flight insurance policy. Supposing that flight insurance policy is all he has to protect that family for the rest of their lives. Sir, is \$200,000 going to be enough the way costs are rising to take care of that family? That's just one example - there are perhaps hundreds of others. They've never taken that into consideration.

They have obviously ignored the problem of farm transfers and I won't go into that one because that's been dealt with several times by my colleagues on this side and as far as I'm concerned, I don't think there's any hope that you're going to make any impression on members opposite on that particular question. The systematic destruction of the farming community. -- (Interjection)-- It takes several generations --(Interjection)-- and the First Minister should know that. It takes several generations to build up a farm and there should be no impediment, nothing placed in the way of a transfer of that property to younger generations so that that farm can continue to operate. --(Interjection)-- \$150,000 the Minister says. \$150,000 that's a small farm by today's standards. --(Interjection)-- That's a small farm. --(Interjection)-- That's a small farm by today's standards. --(Interjection)-- That would not be considered by the Minister of Agriculture today a viable operating unit. --(Interjection)-- Well now, the First Minister -- if you want to talk about today's prices of farm lands, depressed as they are because of a particular situation in world markets, we'll agree with the Minister. Farm valued at \$250,000 four years ago couldn't bring \$40,000 today because of that particular situation. But hopefully --(Interjection)-- but hopefully --(Interjection)-- that situation will not continue. Hopefully the grain situation will clear up and again farmland prices will return to the levels that they were in 1966 and 67. The First Minister indicated a short while ago when he was speaking on this measure -- or was it some other measure -- that only a small percentage of the farms would fall victim to the Minister of Finance's legislation --(Interjection)-- and I agree. A small percentage today. But the moment that things return to normal then there will be a much larger number of those farms that are going to come under the act of the Minister of Finance because of this legislation.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Just one question. I thank the honourable member for allowing me that. Does the honourable member not realize that the \$150,000 figure which could in the circumstance of a spouse surviving along with children be \$200,000, that that amount would be referring to the net value of the farm after all encumbrances are deducted and subtracted from it.

MR. SPEAKER: The Honourable Member from Morris.

MR. JORGENSON: Well the Minister says "after net encumbrances" - and I just wonder what he means by encumbrances. --(Interjection)-- The value of that farm, --(Interjection)-- the value of the farm without encumbrances --(Interjection)-- the price of the land, the price of the livestock and the price of the machinery is the net value of that farm. --(Interjection)-- Well supposing he doesn't know anything. --(Interjection)-- Supposing he doesn't do anything. --(Interjection)-- Oh I see now, I see what they're driving at now. --(Interjection)-- They want to make sure that everybody owes money in this country. -- (Interjection)-- We're beginning to get a glimmer of light as to the intentions of the gentlemen opposite. Well, Sir, --(Interjection)-- it's not difficult, it's not difficult to see the direction we're heading and what are in the minds of my friends opposite and it's illustrated in something that I'd like to . . .

A MEMBER: A poem, "The Little Red Hen,"

MR. JORGENSON: Well, it's not quite a poem, but I think it's a story that is illustrative --(Interjection)-- of the intentions of this government --(Interjection)-- and what they're intending to do. --(Interjection)-- Years ago in a great horseshoe bend down the river there lived a drove of wild hogs. --(Interjection)-- It's an animal story. --(Interjection)-- Where they came from no one knew but they survived floods, fires, droughts, freezes and hunters. The greatest compliment a man could pay was to say that he had fought the hogs in Horseshoe Bend and returned alive. Occasionally a pig was killed either by dogs or a gun, providing a conversation piece for years to come. Finally a one-gallused man came by the country store on the river road and asked the whereabouts of those wild hogs. He drove a one-horse wagon,

(MR. JORGENSEN cont'd) had an axe, some quilts, a lantern, some corn and a single barrelled shotgun. He was a slender, slow moving patient man. He chewed his tobacco deliberately and spat very seldom. Several months later he came back to the same store and asked for help to bring out the wild hogs. He stated that he had them all over in a pen over in the swamp. Bewildered farmers, dubious hunters and storekeepers all gathered in the heart of Horseshoe Bend to view the captive hogs. It was all very simple, said the one-gallused man. First I put out some corn. For three weeks they wouldn't eat it. Now I want the First Minister to get the significance of this little story. Then some of the young ones grabbed an ear and ran off in the thicket and soon they were all eating it. Then I commenced building a pen around the corn, a little higher each day.

When I noticed that they were all waiting for me to bring the corn and had stopped grubbing for acorns and roots, I built the trap door. "Naturally," said the patient man, "they raised quite a ruckus when they seen they was trapped, but I can pen any animal on the face of the earth if I can just get him to depend upon me for a free handout." Sir, we have seen the philosophy of the government and we see the intentions of this government in this legislation, and in other legislation that they have been bringing before this Chamber.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Would the honourable member permit a question? Would he care to indicate to the House whether or not he agrees with the principle, just the principle of taxation on the transfer of wealth?

MR. JORGENSEN: No, I disagree with the principle.

MR. CHERNIACK: Thank you.

MR. SPEAKER: Order please. Order please. Order. I believe the bill stands in the name of the Honourable Member for Inkster. Is the Honourable Minister of Finance going to continue.

MR. CHERNIACK: The honourable member is absent and if no one else wishes to speak I am prepared to close debate.

MR. SPEAKER: The Honourable Member for Roblin.

MR. MCKENZIE: Mr. Speaker, in the debate on second reading of this bill, it has been said to me by many people, if you can't understand the law, you surely oughtn't be found guilty of breaking it. And ever since the introduction of these companion bills, Bill No. 5 and Bill No. 6 into this House by the Honourable Minister of Finance I have tried to the best of my ability to understand what this government means, or what, in fact, this government is trying to prove, Mr. Speaker, by this type of legislation. And I daresay, Mr. Speaker, there are many citizens in this province today who will join me when I state that it's a very very difficult logic to understand what the government is trying to prove to the people of this province by Bills 5 and 6. Mr. Speaker, I have talked this legislation over with accountants. I have talked it over with lawyers. I have talked it over with men on the street and I find in most cases they are most confused and I often think, Mr. Speaker, that the people who wrote our laws, even the simplest laws in laws such as this, use the kind of language in tax legislation especially, Mr. Speaker, that if they were in a Grade 4 class I suspect that they would get zero if it was marked honourably. I hate, I honestly hate to be suspicious about this legislation, Mr. Speaker, but I can only come to one conclusion and that is, it's written, this bill, these bills, these companion bills are written in such a way so that those who are classed as the fat cats, or the rich, or the - I forget the term of the Honourable Member for Thompson, those wealthy northerners who can afford - those are the people that can afford the expensive lawyers; those are the people that can afford the expensive accountants. And that's the way - those are the people who can find loopholes in all legislation, and here we have another classic example of legislation with a lot of verbiage in it that the honest Joe down the street that's only making 25 bucks a week, now he's going to have to hire himself a lawyer, and he's going to have to hire himself an accountant to deal with, not only this legislation, but the new tax laws that are coming out of Ottawa.

And, Mr. Speaker, I would further submit that with these companion bills that we have before us here we are certainly going to assist the lawyers to get fatter than they are today, and we are going to assist the accountants to get fatter than they are today. In fact, they are likely going to become rich through the wisdom of this government and the government in Ottawa, interpreting in trying to interpret to the honest Joe down the street legislation such as we have here in Bill 5 and Bill 6 for citizens like myself.

Well, Mr. Speaker, the one hope I think for the taxpayers of this province, and for Canada,

(MR. McKENZIE cont'd) would be if the lawmakers were forced to carve their laws in stone like our friend Moses over there. If that's the way the lawmakers were to carve their laws in that type of a tablet, we wouldn't have such difficult legislation such as we have in these companion bills.

Mr. Speaker, the Honourable Finance Minister could take a lesson from Moses over there and give us some simple laws that the honest man down the street can understand, and he doesn't have to go and get all these expertise from our accountants and our lawyers to prepare a tax return.

And it is said, Mr. Speaker, in some quarters, next year we are going to have to file a 17-page tax return. Now just think what that means to the average citizen of this province. Due to legislation of Bill 5 and Bill 6, and the Federal taxation, 17-page tax return. Can you in all your wisdom, Mr. Speaker, show me how many people in this province have the ability to file that type of a tax return by themselves. It can't be done.

And of course, Mr. Speaker, this stick it to the rich philosophy of this government over here, and the government of Canada for some unforeseen reason seemed to have become the common everyday language of the Liberals and the NDP across this country, stick it to the rich, stick it to the rich, Nail them to the cross. That's the wisdom of Liberalism and the NDP philosophy across this country.

Mr. Speaker, if that's social justice, or if that's the ability-to-pay principle that this government is building its taxation philosophy around, then I submit they have made an error in their ways and you are going to have to pay for the errors of your ways some day with this type of legislation.

Mr. Speaker, we have a brand new Federal Tax system this year, brand new tax system. Never mind that very few understand that new federal law. How many members of this Chamber today can stand up and say that I fully understand that new federal tax law. I bet they are very few and far between, very few and far between. Not only that, but how many people in this Legislature understand this tax law? We had the hearings in the room across the way and here was the Honourable Minister with backbenchers like myself over trying to interpret what this kind of law means. Now how in all wisdom - we are members of the legislature - do you expect the man down the street to understand this type of legislation when we, the legislators, don't even understand it. So again I submit to the Honourable Minister go over and sit down beside Moses in the bullpen over there and take a lesson for those kind of laws, simple tax laws for the people of this province.

Well, Mr. Speaker, there are some things in this legislation that has been brought to my attention by people from Roblin constituency that I would ask the Honourable Minister if he would be kind enough to clarify for me - some of the other honourable members have touched on pieces of it - but if the preferred beneficiary - that's a wife or a son - is not entitled to the \$150,000 exemption, and that's \$200,000 I think for the wife, if I'm not mistaken, if the will of the deceased is drawn up in such a way that the property of the deceased is passed along to a trustee for distribution of the preferred beneficiary, and I'm not clear on that and I've had several people raise the question. I would think that this would create untold hardships in this province because many wills are drafted, as I understand it, in trust form. An example was drawn to my attention whereby a husband in his will, left \$200,000 to his wife with no strings attached. As I understand it, Mr. Speaker, if no tax is payable but if the husband states in his will that the \$200,000 shall first pass to the trustees to be held a short while before administration or passed on to the wife, then as I understand it there doesn't appear to be any exemption under this bill, because the trustees, not the wife, are initially the successors, and as I understand it they are not classed as preferred beneficiaries and entitled to exemption. And I think, Mr. Speaker, that certainly needs clarification by the Minister.

I am also concerned, Mr. Speaker, about the retroactive sections of this bill, and I have heard other honourable members speak about the retroactive sections. As I understand it, Mr. Speaker, any gift made within three years before death is included in one's taxable estate. So if a husband died, let's say January 1, 1972, and having gave a gift to his wife on January 15th we'll say 1969, the value of that gift is included in the estate and may be taxed even though the gift was made at that time and it was exempt from taxation in 1969. And as I see this, Mr. Speaker, the Minister and the government are imposing a tax on a transaction which took place long before this bill was ever even thought about by the Minister and the government, and so I see no way that gifts made between spouses before January 1st, 1972 on the

(MR. McKENZIE cont'd) belief that they were tax-free, that we can now tax them.

And the other point, Mr. Speaker, which I asked the Honourable Minister to clarify was, and it's raised several questions from constituents, is the lack of provision for deductions granted for the Federal Capital Gains Taxes payable to the Federal Government on death. As I read it, Mr. Speaker, the Gift Tax Act has no such provision either, unless I have missed it, so gifts of certain capital value, as I see it, are liable for double taxation, and possibly the Honourable Minister will explain that. I am sure the Minister in his wisdom will explain the problem of debts which were not considered as outstanding immediately before the death but are deemed as outstanding by the Federal government by the Federal Statutes that are before us today. And it appears to me, Mr. Speaker, that certain amendments are needed in this on this bill to deal with such situations.

Mr. Speaker, I find it very difficult to understand the bill. Surely, possibly when we get to the committee we can get the wisdom of some outside people and the Minister to clarify a lot of points that are very uncertain in my mind.

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

MR. JAMES WALDING (St. Vital): Thank you, Mr. Speaker. I hadn't really intended to get into this debate until the remarks of the last two speakers.

I want to deal with one point raised by the Member from Morris when he spoke about the man who had taken out airline insurance for the sum of \$200,000. He wondered how a widow with a few children could manage to survive on \$200,000, and I would ask him if he realizes what the interest on that amount would be, even at the rate of 5 percent and which comes to \$10,000 a year. I would wonder how many widows in Manitoba are presently subsisting on \$10,000 a year. But the second reading that we are on is dealing with the principle.

The last speaker apparently had difficulty in grasping the principle of this bill and it does seem rather simple, Mr. Speaker. We have accepted the principle for many years that we would tax the income from a man's labour with certain deductions. We have finally accepted the fact this year that we would tax the income derived from capital appreciation by means of a capital gains tax although we only tax 50 percent of that. What we are now proposing to do is to tax unearned income because that is what this is in this case. We are not taxing the person who has accumulated this money throughout his lifetime. He is dead at the time and as such cannot pay the tax. The tax is then paid on the money received by his heirs, and in that case it is unearned income, and I find it inexcusable, Mr. Speaker, that we can tax earned income but that we should not tax unearned income.

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

MR. CHERNIACK: Mr. Speaker, I am sorry that the Honourable the Member for Roblin is not in his seat at the time. I wanted to indicate that I think he made -- well actually, Mr. Speaker, I'll have to speak very slowly and repeat myself very frequently to respond to him in two minutes, because I don't think really that what he has raised is worthy of much more time than that.

He did indicate his disgust with the wording of the bill, a bill which he should well know is highly technical and highly difficult to deal with. It is a tax bill, now he wants a simple language and he indicated that he - I think he indicated he attended the meetings that were held to which the Member for Rhineland referred. Three meetings were held informally with Legislative Counsel. I tried to keep a list of the persons who were present and of the three meetings I find that I do not have his name on any one of the three meetings so I can only say that if he were really interested in knowing the nature and content of the bill, he would have been at the meetings and learned something about it; and I'm very happy that the Member for Rhineland recognized the value that it was to those of us who attended because I think we learnt a good deal, and I want to join the Member for Rhineland in thanking the Legislative Counsel for giving us the time and his efforts.

Now, Mr. Speaker, the Member for Roblin asked about the trustee who acts as trustee, executor of the estate where the husband leaves \$200,000 to the wife. I would tell him that in the words that he used that I see no problem at all, there is no taxation of the trustee. What he may be thinking of is what somebody told him about a complicated estate where there may be a trustee appointed with power of appointment, and that's an altogether different kettle of fish and something that could be discussed with Legislative Counsel present in committee.

He spoke about retroactivity and he talked about the fact that a gift made in the three years prior to death is brought back into the estate, and he talked about, are you going to tax

(MR. CHERNIACK cont'd) them now for the gift? There would be no gift tax payable but there would be, the amount of the gift would be brought back into the estate and form part of it for purposes of calculation. The gift that he is referring to, the big problem that he refers to is the manner of tax avoidance very often, and sometimes people succeed and sometimes they fail in their tax avoidance efforts. Never can a person make plans in tax avoidance, in tax planning, on the assumption that the law isn't going to change, and this is an old story for anybody who's been involved in that kind of planning. He asks about deductions re capital gains tax. I made it clear that the intent is that any tax payable on capital gains at death is to be deducted from the value of the estate and the estate reduced by the amount of taxes at death for which the debtor, the deceased was liable.

Now, Mr. Speaker, the Member for Riel made a great contribution and he spoke about equity and he expected to hear a narrow specious argument to be produced on our part. Well, Mr. Speaker, we do want to get down to fundamentals, and one of the problems I have had is trying to understand the Opposition, because indeed one would have thought that the Opposition has enough time to meet in caucus and arrive at an understanding of what they believe in, in terms of principle. I have tried, I have tried hard to understand what do they believe in in principle -- and I didn't start keeping my count until more recently, and it's not accurate, but I can tell Honourable Members Opposite that as far as I am concerned from the interpretation I have gotten from speeches made, the Member from Morris does not believe in the principle of taxing transfer of wealth. The Member for Birtle-Russell agrees with him. The Member for Rock Lake agrees with him. The Member for Fort Rouge does believe in the principle but believes that some of the specifics in the bill are not proper. The Member for Riel believes in the principle of taxation on the transfer of wealth. The Leader of the Opposition, I don't know what he believes in. --(Interjection)-- He doesn't believe. He doesn't believe. That's what he just said, that taxes should be raised. It is fine for that person to speak in those terms because all he can say is something in the general sense that means absolutely nothing. The Member for Lakeside I don't know what he believes in this sense and the trouble, Mr. Speaker, is that having listened for quite a while to a number of members on the Opposition, I don't know what they believe as a group in principle on the question of taxation, on the transfer of wealth.

And the Honourable Leader of the Opposition would now like to make a speech, and the Member for Lakeside is making a speech right now from his seat and the fact is that they've had their opportunity. I don't know. I don't know if the members behind them know because certainly there is disagreement in their own caucus on this matter of principle, which is not surprising to me because I don't believe that they know much about how to attack the matter of policy and principle, but rather how to attack.

Now that I've said the kinds of things that put their minds at rest and they are fully relaxed and are prepared to listen, I am prepared to talk some more about it. Oh the Member for Sturgeon Creek has been silent for so long I almost forgot he was present in the room but that won't take long. I will be reminded by him I am sure.

Now, Mr. Speaker, the Member for Riel says what is this principle of ability-to-pay mean? I think one has to add ability to pay who -- that's his grammar but I don't criticize that -- ability to pay whom and for what? And again here is a man who has been a member of this House for some time, who has been a Minister of the Crown, and he doesn't know what the ability-to-pay principle is and he expects me now at this stage to start lecturing him and teaching him about the ability-to-pay principle which has been part of our taxation system for more years than he has been alive. And for me to tell him that the ability-to-pay principle is one where one relates his ability to contribute to society in such a way as to recognize the status he has received in society then I can't help him much. He talks about a breed of the rich and a breed of the poor, and I just can't help but wonder just what he sees in that. There may be differences of degree but he seems to think that either there are no rich or there are no poor or that there is no difference and he certainly seems to think that \$200,000 is not very rich. That is the kind of impression I get from him and from other members opposite.

I want to deal for a moment with what Jack London said in his column that was referred to but of course I must remind the Legislature --(Interjection)-- April 20th -- that Mr. London who is one of the two writers on taxation matters in the two newspapers, the two daily newspapers in Winnipeg, obviously agrees with the principle of taxation on transference of wealth. He has said that in previous columns, and he does say that, and the Member for

(MR. CHERNIACK cont'd) River Heights - I will not dignify him with his official title at the moment - is still prepared as always to interrupt and to speak from his seat. If he wishes to ask a question and mean it as a question, I will permit it; if he wants to make a speech I have to remind him that he had a long time within which he could have done it. So I would appreciate, I would appreciate the courtesy that he could give if he made a real strong effort - and I know it will be tough - just not to interrupt. So, Mr. Speaker, Mr. London who does agree with the principle of taxation -- and here he is again, Mr. Speaker. Do I have to report to Hansard every time he opens his mouth out loud, or can I assume that he will settle down a little and for a moment emulate that of the gentlemen on either side of him. No.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: For the information of the Minister, Mr. London does not agree with him.

MR. CHERNIACK: I was quite prepared to listen to a question and I sat down on the assumption that the Leader of the Opposition had enough knowledge of how to conduct himself so that he should only rise on matters where he's not taking advantage of the situation, and where he does it properly. I'm glad the Member for Sturgeon Creek is so much in agreement with him that he's prepared to play a mythical violin.

Well, Mr. Speaker, I'm sure that honourable members might like to keep me interrupted so I can't conclude but I would like to go ahead. Now, Mr. Speaker, I say that Jack London does agree with the principle, and I might refer honourable members if they're interested to a column which he wrote on December 30th, 1971, and I quote just a portion wherein he says - he talks about the taxation system we've brought in which would -- I'll read a little earlier. "The Manitoba Government has offered two reasons for filling the void which was to have been left by the Federal Government's abdication. One is a revenue loss which would have resulted; the other, and by far the more important of the two, is based on the government's concept of an equitable tax system which would have been offended if gifts and inheritances were allowed to pass untaxed. In this respect the government's action is commendable. It cannot be said that a tax system is equitable which allows the recipients of gifts as inheritances to receive them tax free while the wages and earnings of workers and businessmen bear significant rates of income tax." And he goes on and approves in principle the legislation that we have provided. Now the honourable members are quite, are quite -- I would invite them to read the article which he wrote on that date. Having read it then they will see that I am correct in stating that he agrees with the principle.

Then in this current article we're talking about he cited a case of a Manitoba resident who inherits California property from a Californian and then pays succession duties because he's a resident of Manitoba. He said, "that principle of taxation known as the excessions principle is justifiable in its own right." So again he agrees with our principle. But then he compared the situation to a gift of the same amount passing between the same two persons and noted that it would be tax free at present and concludes it's inequitable. And to a degree it is. But that doesn't mean that this sort of circumstance would occur very often, and it certainly doesn't contradict the principle behind the bill. It only points out the jurisdictional limits on the Manitoba Government. Moreover the treatment of a Californian's gift by state and federal taxation in United States is not mentioned, but I am informed that this kind of a gift would not have gone untaxed.

Secondly he talks about a Manitoban leaving shares registered in Alberta to an Ontario resident, and says there'd be no tax payable on this bequest. I must tell him he's wrong. The Ontario resident would have to pay Ontario succession duty. So this would not be --(Inter-jection)-- Did you want to ask a question?

MR. SPEAKER: Order, please. Order.

MR. CHERNIACK: It's all right. If the honourable member wants to ask a question I will give him the courtesy.

MR. SPEAKER: Order. Order.

MR. CHERNIACK: Mr. Speaker, I wish to . . .

MR. SPEAKER: ORDER! I must remind the Honourable Member for Lakeside he does not have the floor. Interruptions of this kind will not be tolerated. I will not tolerate outbursts. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, if any member present wishes to interrupt me and ask a question, I will consider whether or not I am willing to be interrupted. I have never indicated that I am prepared to be interrupted by a speech by the Member for Lakeside or anyone else.

(MR. CHERNIACK cont'd). . . .

Now, Mr. Speaker, I'm still dealing with Mr. London and his column and point out that nine of the ten provinces, as all members present know, including the three largest provinces in Canada do have succession duties. The governments of those provinces feel the tax is equitable and the equity principle is worth upholding. If anything, the people, the people of Alberta in my opinion are being treated inequitably. The people of Manitoba,

As for the question of general uniformity across Canada it is not correct as the Member for Riel said that we face a Cain and Abel situation. In the face of the Federal Government's totally unjustified withdrawal from the estate and gift tax field six provinces agreed to re-enter and three others decided to remain in the field. The degree of co-operation amongst these provinces achieved thus far has been most promising and there is little likelihood that the old tax jungle situation will re-occur but it might. There is no doubt it might and that is why all the provinces, or at least the eight present at a meeting which took place last fall, did ask the Federal Government to withhold its decision.

I want to turn for a moment to London's concern about what he called the vertical equity, referred to, I think, by the Member for Riel. His argument that ability to pay isn't really taken into account in our succession duty system -- I want to emphasize several important points that are equally applicable to what the Honourable Member for Riel said this morning. The succession duty does not apply to earned income per se. It applies to a transfer of wealth which could in large part be unearned, and I think it's important to realize that the transfer of wealth is to a person who has not earned the monies which he receives. Under the system envisaged by Carter this would have been included as income, the principle of a buck is a buck, and taxed as such. Our government and our party has always supported this basic income concept on equity grounds and from the argument presented by the Member for Riel I wonder if I could assume that he supports that concept, and perhaps he does although I doubt it myself. But possibly he would think that if bequests were taxed as ordinary income, which is what he seemed to be implying and I'm not putting words in his mouth because I doubt if he would say it, but he seemed to be implying it, then of course you would have a differential in the tax rate payable by the recipient, that is under the Carter principle. But under our present income tax system, the system which has been designed and imposed on us by the Federal Government in the sense that we had no choice but to go ahead believing as we do in the principle, this kind of tax equity is not possible and we had to impose what in our view is the next best alternative a separate succession duty system. The best would have been an estate tax across Canada wherein the estate would have paid the tax and that would be at one rate of course. Under our system then progressive rates do apply and substantial basic exemptions do prevent any hardship, and that's important.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Yes. Would the honourable the member permit a question? If you subscribe to the principle of tax on transfer of wealth when a person dies, do you not subscribe to that same principle when they're still living and would you not tax bond sales and so on when -- because we do it on sales tax . . . why not on bonds then?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Yes, Mr. Speaker. The honourable member misunderstands me when I speak on the transfer of wealth, I mean transfer of wealth without consideration being in the form of a gift or a benefit given to another person which that person has not paid for in any way but is the beneficiary of a voluntary gift.

So that, Mr. Speaker, there is a recognition of ability to pay although I admit that the point made by the Honourable Member for Riel would indicate the possibility of some inequity. But it will be inequity which favours those whose ability to pay is greatest and I'm surprised that the Member for Riel is complaining about this but maybe I've misjudged him.

In any case while the succession duty system is not as equitable as an integrated system based on the precept that every dollar of income should be treated the same way, nevertheless it is infinitely more equitable than no system at all, and obviously nine of the ten provinces of Canada agree with that because they're all nine in the field of succession duties.

As for the Member for Riel's concern that perhaps young wives -- the Member for Morris referred to that -- that perhaps young wives with children whose husbands may buy large amounts of cheap term insurance, as he put it, could be placed at a disadvantage relative to older women, I'd have to argue that the exemption levels are sufficient to provide after all

(MR. CHERNIACK cont'd) for a spouse and children - the exemption is \$200,000, which means, as the Member for St. Vital pointed out, that let's assume there's a house worth 25,000, there would still be \$175,000 available with which to invest in order to provide revenue. That revenue at seven percent would be \$12,000 a year, a thousand a month, and that's without touching principal. And there's absolutely nothing wrong with touching principal when indeed the purpose of the purchase of term insurance by a young man is to provide for the needs of the family as they're growing up. And then if one encroaches on principal as one should, because that's the real reason for which the money was bought, then that wife and child would be adequately protected in my opinion, and maybe not in the opinion of the, may I say in quotation marks "poor members who sit on the front bench across from me".

In respect to the question of differing treatment for charitable gifts and bequests I would point out that gifts are usually made out of excess wealth or the proceeds of wealth. Bequests however can involve the full amount of wealth. I would say that the main reason that we've found it -- and there is a distinction of a gift, a charitable gift in a lifetime and a bequest -- is that a charitable gift through the lifetime is one which is made at a time when the donor has the ability and wishes to make a contribution, and we certainly wouldn't want to stand in the way of doing that, but when he is disposing of his estate after death then we feel that there should be a proper recognition of the value of his estate. Now my trouble with the opposition's reasoning is of course, as I pointed out, that I can't get clear whether or not as a party, as a party they agree with the principle of taxation on transfer of wealth. I apologize that I didn't keep a proper statistical record so my record shows three against and two in favour, but I know that many more have spoken than that and that is probably not a correct proportion. But I get the impression from some of those who have spoken, especially in opposition, that they are concerned on behalf of the wealthy of Manitoba. I get the impression that, that perhaps nothing is wrong in their minds with permitting someone to receive one million, five million, ten million dollars as a bequest without having earned it, and without assuming in that way an obligation to share to some extent with his fellow Manitobans. I believe the Opposition reject the government's attempts to insure equity in the tax system, that they reject the idea that every Manitoban who can should have a responsibility and an obligation to share fairly in meeting the costs of providing education, health, social development and other services which our democratic system makes available to all our citizens.

Now, Mr. Speaker, we have received the Bar Association brief which was extremely useful. By coincidence the Member for Assiniboia mentioned some of the items which appeared as well in the Bar Association brief. I thank them. We have read the suggestions made by the columnists in the Press on it; we've listened to what some of the MLA's -- well we've listened to all the MLA's have said -- but out of that we got some suggestions that we felt should be looked at and there will be some amendments to be brought in when we deal with the bill section by section.

Now the opposition parties have created a number of false issues and non issues on some of the technical aspects and I think those two are better dealt with in committee, and I am sure will be dealt with that way.

The Member for Rhineland and one of the other members in Opposition made some comments -- oh, I think it was the Member for Roblin -- about this bill being for lawyers and accountants to grow wealthy. The Member for Rhineland, I'm sure jokingly, almost referred that, inferred that - I'm sorry, almost implied from which I inferred that he thought that some of the lawyers in the front bench were doing this for their own purposes, but I don't believe that he meant it other than as a joke. I will take it as such.

But let me assure him that lawyers and accountants and other members of the economic society do all sorts of useless things for which they get paid and paid very well. Because in order to protect a system they are called upon by the people who wish to in this case keep the welfare of accumulated, and keep it away from the making provision that, or contributions to society. There always, many of them, I don't mean always, many of them spend a good deal of time working with and for stock manipulators, fighting for control of companies, seeing who can get as many votes as he can for one company or another. This doesn't help industry or the economy one bit in my opinion but they're busy fighting to see who can wrest control of one or another company. Dealers in company stocks I don't think make much of a contribution to the economy of a country. Formation of conglomerates of diversified ownings where you find a food company opening an implement plant just to me doesn't mean that this is really something

(MR. CHERNIACK Cont'd.) that is meaningful and yet lawyers and accountants make a good deal of money out of it. When people buy companies, not because the companies can be made fruitful but because the companies have cash reserves that they want to get, or the companies have accumulated deficits which could be used in order to offset surpluses. All this is playing games, it's not helpful to the economy of a province or a country, but lawyers and accountants make money out of that, and I must tell the honourable member in case he has any doubts that as a practising lawyer up till the last two and a half years ago, I was doing tax planning and I was earning money learning how to help clients avoid taxation. Perfectly legitimate and in the eyes, I assume, of many in society even worthwhile.

A MEMBER: The Member for Lakeside does gamble a little . . .

MR. CHERNIACK: Well the Member for Lakeside cannot believe many things I assume but those he believes in, he believes in firmly.

. continued on next page

(MR. CHERNIACK cont'd)

This bill, Mr. Speaker, was not designed to tax those with low incomes, that obvious, middle incomes, that's obvious, or even those who are rich, and that's a point that should be recognized. The legislation was intended to tax large transfers of wealth at death. And the statistics have been heard - about 5 percent of the estates in Manitoba each year are likely to exceed the minimum \$50,000 exemption, less than one percent would exceed the maximum \$200,000 exemption per million in respect of bequest to spouses, or combined bequests to spouses and children, and it is true that we are dealing with a small number but we are indeed dealing with a principle and I'm not sure how the Opposition party stands on that principle or sits on that principle.

Now the concept of a true partnership I believe I've dealt with that, I believe that it's not an involved one because there is basically a very substantial exemption available for a transfer to the wife. But the most significant aspect of our legislation is the provision for bequest to children which will make possible transfers involving family farms and involving small businesses between generations without any tax liability. And the Honourable Member for Morris, I believe needn't worry if a farm could be transferred from generation to generation and is not taxable even in the smallest part until it reaches \$150,000 in net value, and I don't think that there are many farms of that kind. If there are, I'd be very happy for the farmers who own those farms and are able to make a contribution of a portion only of the excess over 150 or 200,000 where a wife is involved.

Now where a Succession Duty liability is established that liability can be spread over six years. I must say, Mr. Speaker, I've said it before, that as far as I could ascertain the use of this right in the previous Act where taxation was much heavier on transfer from father to children of a family farm or of a small business, the use of this right has been so minimal that they can barely remember cases when it happened, but I was told it might have been five or six in the last few years, and, Mr. Speaker, we're carrying forward that right. So all this talk about selling out as far as I'm concerned, I've heard it by those who preach doom and gloom and threat, but I've never yet seen it documented.

Now the reasons behind the decisions of the nine political governments with diverse political viewpoints, need I recount to honourable members the parties which are in government across the nine provinces in Canada which are in the succession duty field, is tell them -- (Interjection) -- well the province to the west, the furthest west is a Social Credit government just passed a change in their Succession Duty Act and the Gift tax. The province next to that is Alberta which is a presumed tax haven, there's nothing been proven to show that they had benefit -- I'll come back to that, given time. There's nothing that the Leader of the Opposition has produced to show that there has been a benefit -- (Interjection) -- I'll come back to that. The next province, Saskatchewan was a Liberal Government which brought in a rebate. There's nothing that we could find to show that they derived benefit from that.

The Province of Manitoba is proud I trust to be represented by a New Democratic Party in this province. The province to the immediate east of us is a Conservative Government and I want to refer to what the Conservative Minister of Finance of that Conservative Government had to say. There have been . . . -- (Interjection) -- I'll read, I will read a portion of it. West of that is a Liberal province of Quebec which has just recently announced that it has raised some of its exemptions to the level that we have proposed earlier. Provinces east of that, two Liberal, two Conservative, all four passing legislation for succession duty and gift taxation concurrently with us under the same management.

But let's hear what that Minister of Finance in Toronto had to say and he said it, referred to on February 8th, 1972, --(Interjection) --

A MEMBER: What difference does it make what day?

MR. CHERNIACK: The difference to the Leader of the Opposition, yes the Leader of the Opposition would like us to believe that what his colleague, and I assume he will not reject the term colleague because he's also my colleague in the job he holds, what he said on February 8th, 1972 he did not mean to the extent that when he presented his Budget speech on March 28th a matter of 20 days, no I'm sorry, a month and 20 days, he's flipped over and changed his mind. I'll deal with that but I certainly don't believe that the Minister of Finance of Ontario didn't mean what he said when he said, and now I quote: "The provincial governments have decided almost unanimously in favour" -- the Member for Sturgeon Creek has now woken up and wishes to participate, I must tell him he's too late-- "have decided almost unanimously

(MR. CHERNIACK cont'd) in favour of retaining wealth taxation in the form of succession duties and gift taxes." -- (Interjection) -- No, Mr. Speaker, I will not. I believe, I don't want -- (Interjection) -- Mr. Speaker, I do not wish to interrupt the cogent well-worded train of thought of the Minister of Finance of Ontario from whom I'm quoting. "I believe, I believe, this decision was not merely" -- (Interjection) -- now we have more people here who are -- who just don't like to hear what I'm reading to them but somehow or other, I'll get it across. I may not have the ability to read well but I would need the ability to scream loudly to overcome the braying I hear from across the way. But it's really the party on the other side that does the screaming because they are the ones that are wounded, I should think, when I read this, and I still want to read it. "I believe this decision was not merely sound but necessary" and he's speaking, Mr. Speaker, not of Ontario alone, he's speaking of the provincial governments which almost unanimously agreed to wealth taxation. "I believe this decision was not merely sound but necessary and it was unrealistic for anyone to expect to see all forms of inheritance taxes disappear just because the estate tax is eliminated. Such a development would have been completely contrary to the two most commonly accepted tenets of taxation, equity and ability-to-pay.

Mr. Speaker, may I ask how much time I have?

MR. SPEAKER: The Honourable Minister since he's introducing a bill has the floor as long as he wishes.

MR. CHERNIACK: I'm not sure, Mr. Speaker, I'd just like to keep myself within 40 minutes if I may -- (Interjection) -- well, -- (Interjection) -- oh, I know it's not 40 minutes.

A MEMBER: . . . go as long as you like then.

MR. CHERNIACK: Well nobody gets a record, I'll try it, try and play cricket. Here we would have had whole accumulations of wealth suddenly relieved from such taxation. Hardly an equitable situation for other estates that had until recently been taxed when their owners' deaths occurred. As well, consider the unfair advantage that existing accumulated wealth would enjoy in comparison with wealth accumulated in the future. I wish the honourable members would think of that. -- (Interjection) --

Mr. Speaker, when I hear words well spoken and well thought through of course they inspire me. I'm sorry the Member for Swan River has difficulty being inspired by what is being said by a Conservative leader of his party.

"The future wealth will be subject to both income and capital gains taxation while the present wealth would remain virtually unaffected by the capital gains tax over the next few years. In short the principles of equity and ability-to-pay both demand maintenance of some form of wealth taxation in spite of the recent introduction of capital gains taxation." Did honourable members hear that? In spite of recent introduction of capital gains, the principles of equity and ability-to-pay not my words alone, I share them with a leader of a Conservative party in Ontario -- (Interjection) -- Thanks --" in spite of the recent introduction of capital gains taxation. It was not until the summer of 71, that the Federal government introduced its draft tax reform legislation including details of capital gains taxation. At the same time it surprised everybody by announcing its intention to vacate the estate and gift tax fields at the beginning of 72. Such a sudden announcement was simply incredible when you consider that seven of the ten provinces were not directly involved in death taxation but were relying instead on the Federal Government to collect these taxes for them. Suddenly the onus was on the provinces to prevent the occurrence of inequities that would obviously ensue if there were no death of gift taxes during the period that the capital gains tax was still in its infancy. Here was a serious potential gap in the tax system. It simply could not be allowed to open up and yet time was exceedingly short." And he mentions too that the provincial governments attempted to persuade the Federal Government to reverse its decision but the Federal Government was adamant. He says, "I believe it is fair to suggest that Canada will continue to have inheritance taxation for some time to come". "For some time to come" are the words used by the Minister, and may I say that in his Budget Speech he speaks of a study about to be made of the Succession Duty Act -- I read from Page 37, chaired by a certain person, a recognized authority, speaking about a complete study of succession duties and the family farm and family business and Canadian versus foreign control. Mr. Speaker, they wouldn't be studying the Succession Duty Act and all the implications if they did not intend to in some measure keep up the Succession Duty Act. I intend to read it because the fact is . . .

MR. SPEAKER: The Honourable Minister has five minutes.

MR. CHERNIACK: All right. Two minutes ago it was twelve. And I say they wouldn't be studying it if their intention was to eliminate it. What he does say, "the government intends to continue its policy of gradually reducing" -- do honourable member know the word what it means reducing? It does not mean eliminating. "Reducing the level of succession duties as the capital gains tax matures." This does not justify the Opposition party for saying that Ontario is going out of the succession duty business nor does it justify the Free Press which also said it, for quoting that.

Now Mr. Speaker, the Member for Assiniboia spoke of firms that are selling out to national corporations not related to succession duties at all. He was talking I suppose about income tax and referred to one firm, and I remember very clearly that that firm announced it was moving to Quebec province because of the wage differential and the fact that the markets were there and I reject any such talk with a long listing of companies that have sold -- they haven't moved, their operation is still in Manitoba but the controlled interest has been sold to multinational corporations and that is a trend that is happening all over this continent. So I reject that talk.

Now on the investment decisions, Mr. Speaker, the decision to re-enter the field will not constitute a disincentive to investment. There is nothing to show that there is except talk. In Alberta, the annual rate of increase -- I have a table which I think I should refer to, if I can find it, which shows net private investment, and I'm going to read it as quickly as I can, for Alberta. The changes from prior years starting back to 63 plus 11.6, plus 11.7, plus 19.3, plus 8.9, in 1967 they introduced their rebate system I read on from there, plus 5.8, plus 7.7, plus 16.3 minus .7, plus 11.5, plus 2. Absolutely nothing to indicate that private investment moved into Alberta when they changed the rebate, when they brought in the rebate. Same applies to the statistics that I have on Saskatchewan. I'm sorry I don't have time to develop it because I want to conclude with some general remarks.

Mr. Speaker, I believe that there is a difference in philosophy that was referred to by the Member for Lakeside a few days ago. I believe that members in the Opposition, and I don't say all of them but certainly some who have spoken recently, have, and I believe this, an undue regard for the material possessions, that is bolstered, their regard is bolstered and strengthened by the whole force of tradition and what they were taught. The concept of free enterprise which I can assure honourable members that they don't know is not free and it has not been free in your lifetime. -- (Interjection) -- has not been free in your lifetime -- (Interjection) -- It reminds me, Mr. Speaker, of -- (Interjection) -- I hope you'll give me an extension while this goes on, Mr. Speaker -- it reminds me of the Forsythe Saga of how Mr. Galsworthy wrote about men of property and these people who face us are still living under those concepts. -- (Interjection) -- The Member for Morris spoke about motivations for people to provide for themselves and reject that concept, I don't believe it's true, I believe they want to fulfil themselves and I now want to -- (Interjection) -- that's right, and I want to deal with that. I want to know what -- (Interjection) -- is the Member for Fort Garry telling me that my time is up and I am to sit down? -- (Interjection) -- Is that correct, Mr. Speaker. May I not con

MR. SPEAKER; Order, please. I should like to appeal to all honourable members. I think they have elected me to adjudicate in respect to time and in respect to decorum and in respect to procedures. Now anyone who wishes to alter that knows the procedure to follow. I'm sure they can all -- and we would all be willing to adhere to it if it transpires. In the meantime I must suggest that some members certainly haven't contributed to decorum. It's been most difficult. I appeal to everyone once again, specifically to those who may have a twinge of guilty conscience and I say to the Honourable Minister, he has another three minutes. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, -- (Interjection) --

MR. SPEAKER: Order, please. -- (Interjection) --

MR. CHERNIACK: It shouldn't take me more than five minutes if I could do this in an uninterrupted way and you will no doubt tell me when I have to sit down, but I hope it will be uninterrupted.

I have a table which I believe was distributed earlier, a comparison between Ontario, Atlantic provinces, Manitoba and the law under which we operated up to the end of 1971. And I'll run through it quickly. On an estate of a value of \$100,000 last year in Manitoba we would have paid \$13,200, this year nil on gifts to wife and children. Of an estate of \$150,000,

(MR. CHERNIACK cont'd) two-thirds to wife, one-third to son, it would be \$5,500 in Ontario, \$8,500 in the Maritimes, nil in Manitoba, \$3,000 last year in Manitoba. All to son, \$25,000 in Ontario -- they have capital gains there too, unless the honourable member doesn't know that. In Ontario, 25,000 all to son if it's an estate of \$150,000; nil in Manitoba, \$26,000 under the law of last month. An estate of \$200,000, two-thirds to wife, one-third to son; Ontario \$8,000; Atlantic Provinces \$13,800; Manitoba nil under the old law, 6,000.00. On an estate of \$250,000 all to son; under Ontario close to \$50,000; in the Maritimes, two Conservative provinces in the Maritimes, 66,000; Manitoba 27,000 of an estate of 250,000. The old law is 62,700.00. An estate of 350,000 -- how high do I have to go to reach a level where the members opposite say "it's time to tax" because \$350,000 -- (Interjection) -- \$350,000 an estate where it's given all to a son of 350,000 net assets the tax would be 66,000 leaving close to 300,000. In the Maritimes two Conservative provinces, two Liberal, 113,000; in Ontario, a Conservative government, 75,000.00. Who cares about the children who succeed to the small businesses? Who cares about the farmers? -- (Interjection) -- The Province of Manitoba in comparison with the other provinces that I've produced -- we are the ones who care.

Let me conclude, Mr. Speaker, and I want to do this in a serious vein. Mr. Speaker, I would ask honourable members to look around this room, look at each other -- look at each other and think of those who have been here in the past, and tell me if the Member for Morris is right when he says, "motivation is for people to provide for themselves". Show me one person in this room, present, absent or from the past who has not come here with a sense of dedication and motivation to serve his human beings no matter what his political background. -- (Interjection) -- It's got to do with the fact that I reject the thought -- (Interjection) -- I reject the thought that people's motivation is to accumulate wealth, to get wealth and to pass it on without making their contribution to society. -- (Interjection) -- And it is my belief, it is my belief that we are examples of what I'm saying and what the other party is saying wrongly. Let me conclude -- (Interjection) -- and I had more I wanted to say -- (Interjection) -- let me conclude with I hope a story. The Honourable Member for Morris tells stories, other members present talk about Biblical stories -- (Interjection) -- I want to conclude, I want to conclude with a Talmudic story which won't take me long and then I'll conclude. -- (Interjection) --

MR. SPEAKER: Order, please. Order. -- (Interjection) --

MR. CHERNIACK: Mr. Speaker, the story is about -- and I don't know it that well that I can give you a chapter and verse -- but the story is about the person who was required to bring to the community one-tenth of his stock of sheep and was required to produce that for -- to help the community, and he complained bitterly that one-tenth of his accumulated wealth in the -- was it in the pen, maybe the pen referred to by the Member for Morris, that one-tenth of all of that was an awful lot to contribute. So the leader of the community, the Rabbi at that case said to him, "let's go together to that pen and open the gate, and as they come out I want you to count, and as you count set them aside for where they are intended to go." And he let out one sheep and he said, "one for me; two for me; three for me; four for me; five for me; six for me; seven for me; eight for me; nine for me;" by the time he got to the tenth he realized he could well afford to share with his community from his wealth in order that the community should derive benefit from it. By the time we get to over \$200,000, it's time we stop saying "for me", it's time we started thinking in terms of "part" to someone else. -- (Interjection) --

MR. SPEAKER: Order, please. Order, please. Before putting the question I should like to indicate to the honourable members that the Chair is in a most difficult position if a member of the Legislature is debating and his time is being intruded upon by interjections and interruptions. I do not have a stop-watch and it's most difficult to keep accurate time of the 40 minutes allotted to each honourable member; and so therefore if I have run over I apologize, but I must take into account that honourable members are entitled to a full 40 minutes and interruptions are deducted from that time.

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

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: Yeas and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members.

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

YEAS: Messrs. Adam, Allard, Barrow, Beard, Borowski, Boyce, Burtiak, Cherniack, Desjardins, Doern, Evans, Gonick, Gottfried, Green, Jenkins, Johannson, Malinowski,

(YEAS cont'd) Miller, Paulley, Pawley, Petursson, Schreyer, Shafransky, Toupin, Turnbull, Uskiw, Uruski, Walding.

NAYS: Messrs. Bilton, Blake, Craik, Einarson, Enns, Froese, Girard, Graham, Henderson, F. Johnston (Sturgeon Creek), Jorgenson, McGill, McGregor, McKenzie, McKellar, Moug, Patrick, Sherman, Spivak, and Mrs. Trueman.

MR. CLERK: Yeas, 28; Nays, 20.

MR. SPEAKER declared the motion carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Public Works, 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.

MR. SPEAKER: The Honourable Member for Emerson.

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PRIVATE MEMBERS' HOUR - MATTERS OF GRIEVANCE

MR. GABRIEL GIRARD (Emerson): Mr. Speaker, I rise at this time on a grievance not that I relish the idea of standing on grievances but I think that this is a matter of significant importance and should be clarified the sooner the better.

It has to do with the Columbia Forest Products of Sprague of which I asked some questions yesterday. I've been concerned about the Sprague operation for the last several months and my concern has led me to investigate who in fact owns the Sprague Mill because I chose to address my complaints to the truthful owners of the Sprague Mill. Yesterday in the question period, a question was asked and responded to by the Minister of Industry and Commerce and his response was that the Columbia Forest Products Company Limited is a private enterprise company, not under the jurisdiction of the Manitoba Development Corporation or the Department of Industry or the Manitoba Government, although it does have a loan from the Manitoba Development Corporation.

My information, Mr. Speaker, is that this is incorrect. I am surprised that the Minister is not informed on this matter and I would like to announce to the Minister who was here just a minute ago -- I would like to announce also to the people of Sprague whom I represent, to the people of this Chamber and in fact the people of Manitoba -- that the rightful and truthful owners of the Columbia Forest Products is non other than the Manitoba Development Corporation. In fact, my information is that the Manitoba Development Corporation now owns -- (Interjection) -- not 10 percent, not 25 percent but 100 percent of the shares of that particular corporation. -- (Interjection) --

To be a little more specific, Mr. Speaker, to be a little more specific -- (Interjection) -- I think that a slight effort on the part of the Minister would show him that the Manitoba Development Corporation signifies its intention to discontinue the management contract that existed between them and Great Northern Capital, some nine or ten months ago, and a further investigation on his part I'm sure would reveal that more than six months ago, Mr. Speaker, -- (Interjection) -- more than six months ago all the shares that were in the hands of GNC were in fact returned to the Manitoba Development Corporation; and also that very recently in the last ten or fifteen days -- (Interjection) -- that the registration of the ownership was in fact transferred back to the Manitoba Development Corporation. And to stand up in the House and tell us what he told us yesterday convinces me of something that is none other than utter incompetence. I don't think, Mr. Speaker, I don't think, Mr. Speaker, that the Minister would deliberately misinform the House.

A MEMBER: Oh no!

MR. GIRARD: I don't think that he would deliberately, -- (Interjection) -- I don't think, Mr. Speaker, that the Minister would deliberately misinform the people of Manitoba -- (Interjection) -- and after all, Mr. Speaker, the Minister himself said yesterday, "you know, we are the open government!" -- and had he known those facts, I am sure that he would have informed the people of Manitoba. Had he only known that he suddenly became the owner of a four to five million dollar operation he would have told somebody I'm sure. --(Interjection)-- Mr. Speaker, I am concerned with regards to -- I am concerned with regards to the ownership of the Sprague operation because I would hope that the future of that operation will be somewhat brighter than it has, than it is at the present or it has been in the past. I know that this kind of operation is of great value to the people of my area, I in no way would consider supporting a measure of any kind that would result in the discontinuation of the operation of the mill at Sprague. I don't in any way wish to be destructive in my suggestions. However, I think it is only rightful that the people of Manitoba know that this is a government-owned operation and not a private enterprise operation as been announced by the Minister. -- (Interjection) -- Just in the last weeks -- (Interjection) --

MR. SPEAKER: Order, please.

MR. GIRARD: In the last weeks, Mr. Speaker, -- (Interjection) --

MR. SPEAKER: Order please. -- (Interjection) -- Order, order. -- (Interjections) --

MR. GIRARD: In the last weeks, Mr. Speaker, . . .

MR. SPEAKER: Order please. I hope that term has some meaning to honourable members. I've been saying it, unfortunately some haven't been hearing me. There have been requests for some ear phones. I would certainly like to oblige if that's the problem. But I certainly

(MR. SPEAKER cont'd) . . . must again ask all members to co operate when I ask for order. I cannot hear the honourable member who's debating if there is a lot of interjection on the floor. The Honourable Member for Emerson.

MR. GIRARD: Before I forget, Mr. Speaker, and I know that the time is running short -- in the hope that this will clarify, be clarified by the Minister for the people of Manitoba, I wish to appeal to the Minister that he table the correspondence between the Manitoba Development Corporation and Great Northern Capital, and I am sure that this kind of correspondence will indicate that my allegations are well-founded. If he is not able or willing to do this kind of thing, Mr. Speaker, how can the people of Manitoba be informed in a serious and official way. While he's at it, I would suggest that he also take the time to table the memorandum that has been discussed in this Chamber recently; that he table maybe the letter that has been discussed about with regards to the relationship between the members of the Development Corporation and the Chairman, if he has this in his possession. After all, we are an open government -- (Interjection) --

Mr. Speaker, I find it difficult to make the points as clearly as I could because of the so-called rabble on the other side. I wish it known however -- I regret that the Minister is not in the House -- we have previously advised him that we had a grievance that was intended to be spoken about today and that we would very much like him to be in the House to hear it -- (Interjection) -- but somehow, I suppose business has called him away right after the vote.

Now, Mr. Speaker, the people of Sprague in the last weeks, the people who work at the mill have realized of course that they are now working without a contract, without a salary agreement, the contract ran out in the end of December.

A MEMBER: Yes, they own it.

MR. GIRARD: Now these same people feel that they have to negotiate with somebody . . .

A MEMBER: They deny ownership.

MR. GIRARD: . . . but they're at a loss as to who to negotiate with for their own salaries.

A MEMBER: The government denies ownership.

MR. GIRARD: The LGD of Piney in which the mill is located, Mr. Speaker, is an area that certainly cannot be considered wealthy or well-developed. It's a rich area in natural resources possibly but it certainly cries for help. The Manitoba Development Corporation, as I understand, now own the LGD of Piney, 150,000 approximately in school tax arrears but we don't even know, -- (Interjection) -- we don't even know, Mr. Speaker, . . .

MR. SPEAKER: Order, please. The hour has run out - we are on Private Members' hour at the present time. Is it - order please. Is it the unanimous consent that we encroach on Private Members' hour? -- (Interjection) -- Order please. There is no unanimity -- (Interjection) -- Order! Order! Would the two honourable gentlemen step outside and discuss their differences out there! -- (Interjection) -- Order please. I have not had unanimity on the question so therefore I must carry on with Private Members' hour. First item -- (Interjection) -- Order please. First item on Fridays is Private Members' resolutions and we move to number 11. The Honourable Member for Assiniboia.

PRIVATE MEMBERS' RESOLUTIONS

MR. PATRICK: Mr. Speaker, I beg to move, seconded by the Honourable Member for Churchill: Whereas Headingley has become an urban community and its residents are dependent upon the City of Winnipeg for services, which include municipal offices, police, fire protection, hospitals and schools and such facilities are outside of Headingley telephone exchange as presently constituted; and

Whereas the residents of Headingley are given no listings in the Winnipeg telephone directory and are therefore impaired in necessary communications; and

Whereas residents of Headingley pay Metro taxes and pay tax on both to Charleswood and Assiniboia and can no longer be classified as rural communities; and

Whereas residents of Headingley are still required to pay a long-distance telephone toll charge for phone calls to and from the Greater Winnipeg area such charge is inequitable;

Therefore be it resolved that the Government of Manitoba instruct the Manitoba Telephone System to extend a no long distance toll charge to Headingley so that all residents of the Village of Headingley shall be listed in the Winnipeg Telephone Directory and shall be able to make and

(MR. PATRICK cont'd) . . . receive long distance calls to and from the Metropolitan area free of long distance charges.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I at this time wish to take a few minutes to address the House on behalf of a large number of constituents of mine of Greater Winnipeg and I'm referring of course to the resident village of Headingley, who are since January 1st have become residents of the City of Winnipeg and I'm sure that these residents now -- everybody is aware that they depend on the City of Winnipeg for services such as schools, fire, police protection, municipal offices and hospitals; and at the present time I think that these residents somehow feel disappointed and discouraged as they have become members of one of the largest cities in Manitoba and still at the same time they are denied one of the services, and that is the free toll telephone service.

In this respect, Mr. Speaker, the residents of Headingley have not in my opinion, have not really been accepted into the larger community which is Winnipeg because they are still treated like an area that's outside of Greater Winnipeg. This is not the first time that I have raised this matter in this House; I had presented a brief, I believe some time ago -- it was in 1968 -- I have raised this matter almost every session on every Throne Speech that I have taken part. In my opinion, Mr. Speaker, this is a much more serious matter than many members here would probably feel that this matter is very important, because as most of us in the City of Winnipeg even in the higher income areas of Greater Winnipeg pay anywhere in the neighbourhood of 5 - \$6.00 for telephone service per month.

The Village of Headingley, in most instances residents in that area are, many of them live in very small homes; they probably make much less money, and if you take a look at the type of phone bills that they receive and the type of bills that they do have to pay, to me is quite high. And I would just read from the petition just a few -- I won't go on and read every page. -- (Interjection) -- One member in the House is asking "how much" and I'll just tell him what the phone bills are of many of these residents and I will not pick up or read out the high figures. I'll read as the petition was signed and what the phone bills were. And starting with the top figure that phone bill for one month; \$30.00; \$20.00; \$15.00; \$4.00; \$9.00; \$108.00; \$12.00; \$14.00; \$100.00; \$35.00; \$9.00; \$42.00; \$15.00; \$18.00. So this is an indication in itself, Mr. Speaker, that these residents, these people are subjected to a pretty high service charge or a pretty high telephone bill. -- (Interjection) -- I didn't hear that. -- (Interjection) -- Mr. Speaker. I'll be glad to table that. I can in fact get a copy for the Member for Thompson if he wishes to have one. But this is a petition -- (Interjection) -- this is a petition that has been signed by most of the residents from the Village of Headingley, . .

A MEMBER: What date?

MR. PATRICK: January 6, 1972. If the Honourable Member from Thompson wishes to have another petition I can give him one from 1968 that I had also presented to this House. -- (Interjection) -- So as again I mention I did not pick the high figures or the high telephone bills, I read them as the petition was signed and if you would go page by page you'll find that the figures vary. They are anywhere from perhaps 15 to \$100, and perhaps will average somewhere in the neighbourhood of 40 to \$50.00, which in my opinion is much higher than most residents of the City of Winnipeg pay at the present time. -- (Interjection) --

Mr. Speaker, the people of Headingley must place a long distance call and pay a toll charge when they call the police, the fire station or their municipal offices. They must place a long distance call and pay a toll charge when they wish to call the hospital or even the schools that their children attend. These facilities are outside the exchange and the residents have been left out by the Manitoba Telephone System, a Crown corporation. In my opinion these people are discriminated. I have, as I mentioned, they are now part of the Greater Winnipeg, residents of the Greater Winnipeg, City of Winnipeg and I see no reason -- I know that they've had continual correspondence with the Minister of Highways and they are somewhat concerned with the response that they had received from the Minister. He has been putting them off for the last couple of years and I would like to indicate to the House that on August, 1970, when the residents petitioned the Minister at that time they were promised an immediate investigation.

November, 1970, the Minister promised them that the survey would be completed by January, 1971, and action would be taken by that time. January, 1971, they had a reply from

(MR. PATRICK cont'd) . . . the Minister that the survey was not complete but will be done late February or early March but no action was taken. On March of 1971, they were told that the survey was still underway but no action until the survey was complete. May, 1971, survey still underway, no estimate for completion. November, 1971, resolutions from Provincial NDP Party to provide either service or reason why not. Survey was not completed. December of 1971, survey complete, will extend service immediately if we are in Winnipeg. January, 1972, survey underway to be completed end of February or early March. Headingley established as part of Winnipeg. March 13, 1972, told Free Press will contact Headingley Committee today. Headingley people unreasonably impatient. And March 15, 1972, Committee still waiting to be contacted, will accept collect charge. And that was signed by the Headingley Telephone Committee, Mr. Benson and Mr. Johner.

So I feel that they have not been getting the kind of treatment that they should have been getting, Mr. Speaker. I think the majority of the people in the community of Headingley are employed and have businesses in Winnipeg. They rely on Winnipeg for all the services socially and economically and I believe that the fee structure, the toll charge per call with additional five cents per minute for any additional time after the first three minutes certainly imposes a burden on many of these people. These people pay city taxes to Assiniboia and to Charleswood which is now part of Winnipeg and I think the telephone system at the present time is almost within the Headingley community. I believe it's within something like half a mile from the Village of the community. I believe the telephone is extended to the golf course, the Blumberg Golf Course and to the race track and, in fact, to a couple of other businesses on Portage Avenue which is within a short distance from the community or the Village of Headingley itself.

So, Mr. Speaker, I see no reason why the government cannot make a decision. I think it's up to the government to instruct the telephone system to extend the service and I know there will be some costs involved but I cannot see -- in no way, shape or form why these people should be discriminated. I know that at the present time I don't think there is any Village in the City of Winnipeg that is discriminated except the community of Headingley which is in my constituency. And it is not something that has been asked for in the last year or couple of years. I think that the people have been asking for this service for the last probably five or six and longer, as I mentioned, that I presented a petition signed by over 200 people in 1968, and ever since that time they were promised that some action would be taken but no action has been taken.

So, Mr. Speaker, I will not take much more time of the House but I feel that there are some 260 subscribers in the Headingley exchange, and if they would be included with the Winnipeg exchange I don't feel that the revenue loss would be anywhere to such an extent it would really matter in the cost of telephones for the rest of the residents in the City of Winnipeg area, because we are certainly talking about very small numbers when we're talking 260 some subscribers in a city that has a population of over half a million people.

I know that there may be some small costs involved but, Mr. Speaker, even at that I think that there should be some solution found to this problem. The Manitoba Telephone System is a monopoly. There is no other phone service available in the province, yet they spend far more than the people in Headingley; they spend far more on their service than I would imagine many of the residents in the Greater Winnipeg area. When most of the people in the City of Winnipeg can get service for -- as I mentioned -- between \$5.00 and \$6.00 -- and I know with the long distance calls probably some of them would have a higher bill -- but according to the petition that I have here I'm sure the average bill, the average bill for any resident of the Village of Headingley would be perhaps higher than \$50.00 because as I mentioned the -- according to the petition the bills -- (Interjection) -- it's tabled -- anywhere between 15 - 100 and 115 - 125 dollars. So if we take an average, I think, of \$50.00 for a subscriber in the Village of Headingley where the average homeowner is -- I would say his income in that area is probably much lower than many of the people that receive incomes in the City of Winnipeg. So there's no reason at the present time when the Village of Headingley is Winnipeg that they shouldn't have telephone service extended to that area. And I appeal to all members of the House and I ask the Minister to make a statement at this time that the telephone, no-toll telephone extension will be extended to the Village of Headingley immediately. Mr. Speaker, as I mentioned, I pointed out here from even the latest petition that was presented to the government and the correspondence that the people from Headingley Committee had carried out with the Minister of Highways, that I don't feel that there's any need to wait much longer. I think

(MR. PATRICK cont'd) . . . that the Minister can make himself -- or be a very popular person and say that no-toll telephone service will be extended to Headingley, and I ask him to do it.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I feel that I should say something on this resolution because I have been involved -- or I in my former capacities as the Leader of the New Democratic Party and the continuing member of this Assembly over some considerable period of time -- in the problem that we're confronted with insofar as telephone services and toll charges to the community of Headingley. And I can appreciate the concern of the Honourable Member for Assiniboia because part, as I understand it, of the community of Headingley is in the constituency of Assiniboia. And I think, Mr. Speaker, that I am being accurate when I say "part" of the community of Headingley is in the constituency of Assiniboia and I think, Sir, that that is one of the difficulties that we're faced with at the present time.

I recall, Sir, some four or five years ago that when I was privileged to have my office I believe in Room 248 -- now occupied by the Independent members of this Assembly -- and I occupied it at that particular time as the Leader of the New Democratic Party, that some of the residents of the Headingley area came in to see me with a petition. If I recall correctly the spokesman at that particular time was a very charming young lady by the name of Prefontaine. -- (Interjection) -- I have a good memory and I have also, Mr. Speaker, I think an appreciation of the opposite sex even at my age, and I can recall quite vividly -- (Interjection) -- I heard mumbles from somewhere but that doesn't really matter, Mr. Speaker -- I recall very vividly that this young lady, a very capable and intelligent young lady came in to see me about the problem that is being raised now by the Honourable Member for Assiniboia. And I say quite frankly today, Mr. Speaker, as I did then that they have a problem, that they are generally considered part of the ambit of Greater Winnipeg, at that time Metropolitan Winnipeg. At that time as indeed as of today there is the boundary difficulty and also the fact that many on the Headingley exchange are in the rural area -- I think it's St. Francois Xavier, I'm not just sure whether that is not the municipality.

And I recall that at that particular time at one of the meetings of the Public Utilities Committee that Mr. Mills the Chairman of Manitoba Telephones was in attendance, and I believe a Mr. Fenson was in attendance at the particular time, and others -- (Interjection) -- Pardon? -- (Interjection) -- Yes, I did, Mr. Chairman. I want to make it clear to my honourable friend the Member for Assiniboia that I did basically support the contention of the people of the Village of Headingley who were within the general organization of Metro that they should not be treated any differently.

But unlike my honourable friend, Mr. Speaker, as I understand him in his presentation today, I recognized that there was a problem because of the exchange taking into its facilities and its function people who were outside of the general perimeters of Metropolitan Winnipeg as we understood it at that particular time. And one of the problems as I saw it then, Mr. Speaker, and I see it now, is that division. I'm sorry I cannot recall, even though my memory isn't too bad, but I'm sorry that I can't recall the exact day, month and year but we were assured at that particular time by the officials of Manitoba Hydro that they would investigate into the situation -- (Interjection) -- Manitoba Telephones, that's correct -- Manitoba Telephones and for them to see as to whether or not it might be possible in that exchange to take the subscribers in the Village of Headingley and bring them into the facilities in, I believe Mr. Speaker, either in Tuxedo or the Grant exchange -- if that is proper -- in the Greater Winnipeg or Metro area. I can really understand the apprehensions of the people within the Village of Headingley which is now part of Unicity, that this has not as of this day been done. And I agree with my honourable friend, quite honestly, quite openly and quite frankly that they should be given consideration if they are within the perimeters of Unicity.

But the difficulty then, Mr. Speaker, of the day that I'm talking of of my involvement and today haven't been resolved. Because -- (Interjection) -- Oh you wouldn't understand. Because, Mr. Speaker, because -- and I think this is the psychology of my honourable friend from Rhineland -- that if this was to be applied with unlimited telephone facilities without the payment of toll charges it should be universal across Manitoba. That was a proposition, if I recall the meetings at Public Utilities it was raised at that time with the Honourable Member for Rhineland and if he becomes a participant in this debate, Mr. Speaker, I would suggest that he would say -- knowing my honourable friend as well as I do over these years -- if it's good enough for Headingley it's good enough for Altona, it's good enough for Rhineland and

(MR. PAULLEY cont'd) . . . we have to do it universally. This, Mr. Speaker, has been one of the problems -- (Interjection) -- and Benito, -- (Interjection) -- and Swan River.--(Interjection) --

We enjoy the privileges of the universality within this area of interchange within Unicity without payment of tolls, and there are some people who are on the Transcona exchange just outside of the periphery of Unicity that do have this privilege. They're limited in number -- (Interjection) -- I'm not sure -- my colleague from La Salle or from Thompson who lives in La Salle says, what about La Salle, I'm sorry, Mr. Speaker, I can't answer that precisely. But I do recognize, Mr. Speaker, that it is a problem. And when we were dealing a few years ago with the problem at Headingley a number of people came to see me because I had lent support to the proposition of the villagers -- and I say that affectionately -- of Headingley; a number of people from Ashern came to see me, that if the privilege was granted to Headingley then it should be granted universally.

Now then, Mr. Speaker, I have no objections at all, I have no objections at all to the problem and the proposition contained within the resolution of my honourable friend the Member for Assiniboia. I state quite frankly and reiterate the position that I took a few years ago. I recognize the problem and I agree, Mr. Speaker, with my honourable friend from Assiniboia that this must be resolved. -- (Interjection) -- My honourable friend from -- I'm trying to pin him down to his own residence, I believe it is Thompson -- Thompson or Pukatawagan is it where my honourable friend comes from? -- (Interjection)-- Wabowden. And I say and my honourable friend by his interjection, Mr. Speaker, pinpoints what I'm trying to say, that Wabowden should have the same facilities as anyone else if we're going to have a universal policy before the Province of Manitoba -- (Interjection) -- and Benito and Swan River and Roblin, Souris-Killarney -- (Interjection) -- Transcona has it. Transcona has it because it has been effectively and effectually represented in this Assembly over the years. But -- (Interjection) -- Pardon? I beg your pardon Mr. Swan River? What did you say? Nothing. How typical that is of my honourable friend from Swan River to say nothing even though he speaks.

But, Mr. Speaker, I think there is a deficiency really in the resolution of my honourable friend from Assiniboia. It's a matter of principle that I'm sure that even my friend the representative from Assiniboia would not like to have established in the Legislature of Manitoba. And you know, Sir, we establish boards and commissions; we have adopted a principle and a policy where our boards and commissions operate without the direct control of government. And my honourable friend the Member for Assiniboia, Mr. Speaker, in his resolution says that the Government of Manitoba instructs the Manitoba Telephone System to do this, to do that, or to do the other thing. Mr. Speaker, I am positive that one of the first individuals to rise from his seat and protest this government, or any government, instructing one of the Crown corporations as to what they should do would be my honourable friend from Assiniboia. -- (Interjection) -- I beg your pardon? There shows, Mr. Speaker, the lack of knowledge of my honourable friend from Binscarth. He knows -- (Interjection) -- Yes, you're darn right I'm going to tell you about Sprague and I'm going to tell you my honourable friend from Lakeside when I tell you of Sprague, your Leader will want to put his head in the sands like the ostrich and he will be so sorry that your representative, your representative from Emerson had the gall to raise the question of Sprague. Mr. Speaker, I didn't raise the interjection of Sprague, my friend from Lakeside did.

MR. SPEAKER: Order, please.

MR. ENNS: I raise a point or order . . .

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

MR. ENNS: I don't think it's fitting to

MR. SPEAKER: Order, please.

MR. PAULLEY: You raised it

MR. SPEAKER: Would the Honourable Member for Lakeside state his point of order so I can hear him?

MR. ENNS: Mr. Speaker, just briefly not wishing to interrupt the soliloquy that we're enjoying from the Minister of Labour but I do not believe that the subject matter of Sprague Mills has anything to do with the subject matter under discussion.

MR. PAULLEY: You raised it, Mr. Speaker

MR. SPEAKER: Order, please. Order, please. I would agree with the honourable

(MR. SPEAKER cont'd) member but neither do the interjections so therefore I think that we should all conduct ourselves according to procedure. The Honourable Minister of Labour has five minutes.

The Honourable Member for Winnipeg Centre on a point of order.

MR. BOYCE: On that point of order, Mr. Speaker. I would like the record to show that the Member for Lakeside raised that point from his seat.

MR. SPEAKER: The Honourable Minister of . . . The Honourable Member for Lakeside on another point of order.

MR. ENNS: Mr. Speaker, just further to that same point of order insofar as, Sir, as that you have often told us that only those speeches or comments made after duly being -- having been recognized by you, Sir as Speaker are in fact the ones that are recorded by Hansard and are the ones that we abide by within the rules of the House.

MR. SPEAKER: Order, please, I must remind the honourable member that he is under a wrong assumption. Because I think I indicated by rule a few days ago that all actions and all utterances are the responsibility and the honourable members face the consequences of in this Chamber whether they are recorded or not, whether they are from their seat or not. Let's have that clear so we all understand each other.

The Honourable Minister of Labour now has five minutes.

MR. PAULLEY: Thank you, Mr. Speaker, and I'm sure that the point that you raised my honourable friend from Lakeside will not attempt to interject during the speeches that I make in this House because I can take his neck off and he knows it. -- (Interjection) -- It may not be parliamentary but it's true.

So I say, Mr. Speaker, so I say, Mr. Speaker, dealing precisely with the resolution introduced by my honourable friend from Assiniboia, I am very much aware of the problem that exists in Headingley. And we're well aware of the problem that does exist, Mr. Speaker, in other areas as well. But I question even with the ramblings of my honourable friend from Rhineland but I -- unintelligent as they are -- but beyond all of that, Mr. Speaker, I question whether or not the resolution that the Honourable Member for Assiniboia has introduced asking the government to give instructions to one of our Crown corporations as to what it should do, or what it should not do, is a -- (Interjection) -- It's not a guideline, it's the word "instruct" and if my honourable friend from north of the 53 would take his glasses off and read the resolution, then he would realize what I'm getting at. I love my affectionate friend from Wabowden but I do want to say to my honourable friend . . .

MR. PATRICK: . . . a question?

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: . . . Minister would be prepared to accept a change in the resolution, I'd be prepared to change the word "instruct" to "request".

MR. PAULLEY: Mr. Speaker, all I can say to my honourable friend is there may be something forthcoming that will document to my honourable friend some methodology which will be in proper perspective as to how this Assembly should conduct itself by instructions or otherwise to our Crown corporations. Mr. Speaker, my honourable friend has recognized the validity of the point that I am raising. The Honourable Member for Sturgeon Creek had to recognize that on another resolution not so long ago and pray forgiveness of the Assembly, and I suggest to my Honourable Friend from Assiniboia that even today I can go back on the experience that I've had in this House and to give some instruction to the obstructionists on the other side of the House as to proper procedures.

MR. SPEAKER: The Honourable Member for Churchill.

MR. BEARD: Thank you, Mr. Speaker. It was rather an entertaining 20 minutes we spent with the Minister of Labour and it did give us a chance to recall the situation that was brought up a few years ago, particularly to those of us that were in the House. But what comes to my mind is the fact that it has changed considerably, particularly since this government has brought Headingley into the City of Winnipeg. So this means that now Headingley is not a separate town, and this was the point that the Manitoba Telephone System made a few years ago. They said that we cannot add additional towns to the City of Winnipeg because communities such as La Salle, etc., will also ask for that. But now that problem is overcome because Headingley is now a part of the City of Winnipeg. So I believe that it is up to the Manitoba Telephone System to take a good look at it, and I suppose in discussing this in the Legislature we are talking to the Manitoba Telephone System because the Minister of Labour says that we

(MR. BEARD cont'd) are talking to the Manitoba Telephone System because the Minister of Labour says that we shouldn't be telling them what to do, they are an identity on their own. So we are telling them. Now that Headingley has become a part of the City of Winnipeg it should become considered a part of the City of Winnipeg and it shouldn't be considered long distance any more to talk between Headingley and their neighbours of the same city, any more than it should be considered long distance for Transcona, or not long distance for Transcona to be able to talk to Fort Garry or any of the other parts of the City of Winnipeg, which I'm sure -- (Interjection) -- It's a favourite spot of ours to pick on -- which I'm sure in mileage is just as far.

And in thinking back I will recall that when the Minister of Labour was the Leader of the NDP Party and this problem was brought before the House, that both the New Democratic Party and the Liberals were very vocal in supporting Headingley on their problems. And they discussed it thoroughly in the House and I also recall discussing it in Utilities and when the Utilities people explained carefully that they couldn't connect other communities because then other communities again would say if you've connected one you should connect others. They would have problems. And I'm sure, Mr. Speaker, I can recall, I can recall the then Leader of the New Democratic Party saying, well that's fine. I can't. I don't feel that it is my position as the elected representative of this House to get into an argument with the civil service or the Crown corporations. But I will discuss it further and debate it further with the policy makers and with the Minister. And we didn't have it recorded at that time so we can't recall back, but I was definitely interested in this because it was communications and if I can -- if my mind isn't playing tricks I believe that was the way it was worded and I think that was the thinking behind it. I believe that's the thinking behind what he has to say on this. And so I would follow it through now that he is in a position to bring forth some type of legislation, or at least recommend to his colleagues some type of legislation that would assist the Manitoba Telephone System to get along with the job of bringing co-operative services to the community of Manitoba.

And that let's me get into the one other intrigue that I have and that probably really enticed me to get to my feet at this time, and I think I would go further and say La Salle should be connected up and I think that there should be one three-minute charge for all Manitobans, one specific charge for long distance for all Manitobans phoning within the Province of Manitoba. And it could well be that at the same breath I would have to say that in accepting this that all of us as Manitobans renting telephone equipment that we would have to accept a higher rental of that equipment on a monthly basis, and I think that we will have to accept that because to get to a standing that all people are treated the same regardless of where they stay, where they live in the Province of Manitoba. But if this offer to those of us who live outside of the perimeter of Winnipeg the same cost of telephoning for those first three minutes as those that live within 50 or 60 miles, then we will be satisfied to remain Manitobans outside of the perimeter of Greater Winnipeg, and it will lift some of the dissatisfaction that many of us have of the policies, the old policies program which bring dissatisfaction to the rural and northern people in the province.

So what I am adding to this is if the . . . in the Manitoba Telephone System are as they're advertising, and if -- in fact I was to a meeting the other day and I have a couple, they say save steps with extension phones. I am pleased to add extension phones if that is necessary. But I would hope that in doing that that they would be able to give us who live the furthest away, furthest away, the same opportunity to phone the distribution centre of Manitoba, that is Winnipeg, at the same cost as it does Minnedosa, or Brandon, or Neepawa, or Dauphin -- (Interjection) -- or Wawanesa, the same cost for the first three minutes and then we'd pay additional charges at, as a penalty, the same cost for everyone and then charge on the basis of the length of time after so that we're all treated the same. Then we have no kick and it is one province and we're all treated alike. Thank you very much, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Osborne.

MR. TURNBULL: Mr. Speaker, the resolution that is before us is certainly one that has been considered by members of the Legislature for some time as the Member for Assiniboia has pointed out to us. Although I think that the Manitoba Telephone System executive and board has given repeated consideration to this problem, it's evident that the solution suggested by the Member for Churchill may not be as practical, as practicable as he would lead us to believe. I wasn't sure just what kind of rate structure he was proposing, Mr. Speaker. It seemed that

(MR. TURNBULL cont'd) in essence he was saying really two things. Basically he was saying that everybody in Manitoba should enjoy the right of making a telephone call at a flat charge. And he first of all said that that flat charge may have to go up for all subscribers if they were paying for telephone service, making calls within the Province of Manitoba. And he did not say how much that rate should increase. And then later he said that the first three minutes should be free and after that there should be a long distance charge.

MR. SPEAKER: The Honourable Member for Churchill.

MR. BEARD: I'm sorry if the member has misunderstood me. I said that the rental of the equipment charge may have to go up. The first three minute charge would be the same throughout the Province of Manitoba.

MR. SPEAKER: The Honourable Member for Osborne.

MR. TURNBULL: The problems with that proposal, Mr. Speaker, are that the cost throughout Manitoba would likely be higher than the rates that the subscribers would be willing to pay.

Now we had quotations made by the Member for Assiniboia of people who paid rather high monthly, they were monthly, long distance toll charges. And really, Mr. Speaker, I'm always a bit perplexed by the demand for some individuals for this extended area flat charge. I would like to know, and I don't think the Member for Assiniboia mentioned, who was paying the \$100.00 a month for long distance charges. It would seem to me that in many cases these are the businessmen in the community and certainly in other parts of Manitoba we have had in the Manitoba Telephone System Board requests from Chambers of Commerce to introduce flat rate charging from points outside of Winnipeg to Winnipeg. Now I wouldn't oppose this, Mr. Speaker, but I might mention to members here today that such a flat rate charging might have serious consequences for the business communities in the rural areas. Because it would seem to me that within say 50 miles of Winnipeg if there was a flat rate charged, the people in those communities would be willing to pick up the phone and phone Eaton's here in Winnipeg and have the goods sent out. Now whereas with the way the rate structure is set today they would hesitate to make a long distance call and would go to the local businessmen. Now I look for comments from members in rural areas about that point.

There are of course other problems in making the changes in the rate structures that have been suggested here. If everyone enjoys a flat rate charge in Manitoba it's evident that those areas with the highest density of phone service will in effect be paying more than they are presently paying and they in turn will not be getting any greater service. The greatest service will be benefit to the areas outside Winnipeg. If Headingley does get into the Winnipeg exchange as is suggested by the resolution there are of course many other areas that are close to Winnipeg that would then be in much the same position. Areas -- exchanges really such as Lorette and Lockport and Dugald and Oakbank and St. Adolphe, Sanford. These are examples of exchanges, Mr. Speaker, that are very close to Winnipeg and they too if Headingley was given flat rate charges would also want the same privilege, the same kind of rate structure.

I think, Mr. Speaker, though that Headingley because of the unicity legislation is today in a somewhat different position that it has been in the past. It is in fact a part of Metropolitan Winnipeg. And while it is a part of Metropolitan Winnipeg certainly it should be given greater consideration for getting it provided with flat rate charges. And I can assure the Member for Assiniboia that the Manitoba Telephone System has been giving active consideration to increasing the, and improving the level of service to rural areas and Headingley is one area that the Telephone System Board has been reviewing. The problem, obviously, Mr. Speaker, is that all areas would like to have flat rate charges.

I turn now, Mr. Speaker, to the resolution itself. There are some problems I think with the drafting in the resolution as it stands on our Order Paper today. The first clause does indicate that Headingley has become an urban community. Now I think, Mr. Speaker, I should point out to members here that not all people who live in the area called Headingley regard themselves as being a part of the City of Winnipeg, and indeed I think some parts of Headingley are beyond the Unicity boundary. So I think that that first clause has to be modified somewhat so that we can reflect more accurately the feelings of some of the residents with out including all of them in that description.

And then there is too the point mentioned by the Honourable Minister of Labour contained in clause (5). Clause (5), Sir, does say that the Government of Manitoba should "instruct" the Manitoba Telephone System and that kind of instruction I think would mitigate the independence

(MR. TURNBULL cont'd) and autonomy that the Manitoba Telephone System Board should enjoy in carrying out its operations in the province. Now I know that the Member for Assiniboia would not object to a deletion of the word "instruct" from this resolution. The Member for Assiniboia did mention that he had a petition and he indeed read a number of monthly charges from it.

The Minister responsible for the Manitoba Telephone System Board tells me that he will be meeting with the people from Headingley who have been working actively to have Headingley receive flat rate charges, and I think that the Minister is prepared to give them every consideration when he does meet with them. I should point out, Mr. Speaker, just for the record that any change that is made in the rate structure of the Manitoba Telephone System would have to be approved by the Public Utilities Board. I'm sure members are aware of this stipulation, of this requirement, but so far today as I recall anyway no one has made mention of the fact that the Public Utilities Board would have to approve any change in the rate structure if that change was an increase. So unless we are to give Headingley residents the same consideration as anyone else in Winnipeg, any change that does occur would have to come before that Public Utilities Board. And that requirement, Sir, applies -- would apply I think to any extension of flat rate charging to rural areas beyond the radius in which Headingley finds itself.

Well, Sir, I have an amendment to the resolution proposed by the Member for Assiniboia. It is an amendment really that alters in some way the details of his proposed resolution. And I would like to move, seconded by the Member for Logan, that the resolution be amended as follows:

1. By adding after the word "whereas" in the first line thereof the words "certain of its residents feel that" and the word "that" after the word "and" in the said first line.

2. By adding the word "some" after the word "whereas" in the first line of the third paragraph thereof.

3. By adding the words "feel that they" after the word "Assiniboia" and in the second line of the third paragraph thereof.

4. By crossing out the words "and such charge is inequitable" in the last line of the fourth paragraph thereof.

5. By striking out the words "instruct the Manitoba Telephone System to extend" in the second line of the last paragraph thereof and replace same with the words "consider the advisability of implementing a policy whereby the Manitoba Telephone System extend".

I have copies for members, the Leader of the Conservative Party, and the Member for Rhineland, and the Member for Churchill, and the Member for Assiniboia.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Minister of Labour. The Honourable Member for Charleswood.

MR. MOUG: Mr. Speaker, I beg to move, seconded by the Honourable Member for Fort Rouge, that debate be adjourned.

MR. SPEAKER: Order, please. Our present rules do not allow . . . -- (Interjection) -- Order, please. The hour being 5:30 . . .

MR. PAULLEY: Mr. Speaker, before you declare it being 5:30, there is an understanding or a rule of the House that on Friday afternoon that the House Leader should indicate procedures as much as possible for the next week and I would like to do that if there is no objection. I don't know whether there can be an objection or not.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: I would suggest, Mr. Speaker, that our procedure next week will be, outside of the general rules of course, that the last hour being for Private Members' Resolutions, that the government may call some of the bills standing in the name of government members but ostensibly our work next week will be Committee of Supply. The Committee I think will have under consideration the Department of Public Works followed by Capital Supply and the Department of Finance. I think this will accommodate my honourable friend from Rhineland and I'm giving him more than 24 hours notice as to the procedure of next week.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Speaker, I wonder, may I ask the House Leader would it be his intention in the normal course of events to be calling those bills for second reading that are currently on the Order Paper prior to going into Committee of Supply.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: The only answer I can give to my honourable friend, Mr. Speaker, is that if my colleagues are prepared to proceed with them that will be the order of the business. Of course it is recognized that other than the Private Members' Hour the government has the prerogative of calling the bills. My Honourable friend I'm sure is aware of that.

MR. SPEAKER: The Honourable Member for Morris.

MR. JORGENSEN: I understand that the Minister of Finance indicated that he wanted to proceed with the income tax bills that were up for second reading today and that's the reason I asked the question. Would it be your intention to call those bills for debate prior to going into Supply?

MR. PAULLEY: Mr. Speaker, if I may, Mr. Speaker, apologize to my honourable friend. I was going strictly by the documentation before me. I was absent on government business for part of today's deliberation and he does recall to me that introduction was given certain tax bills. I think he is right, and I do believe that it would be our intention to proceed with those bills.

MR. SPEAKER: The hour of adjournment having arrived, the House is accordingly adjourned until 2:30 Monday afternoon.