

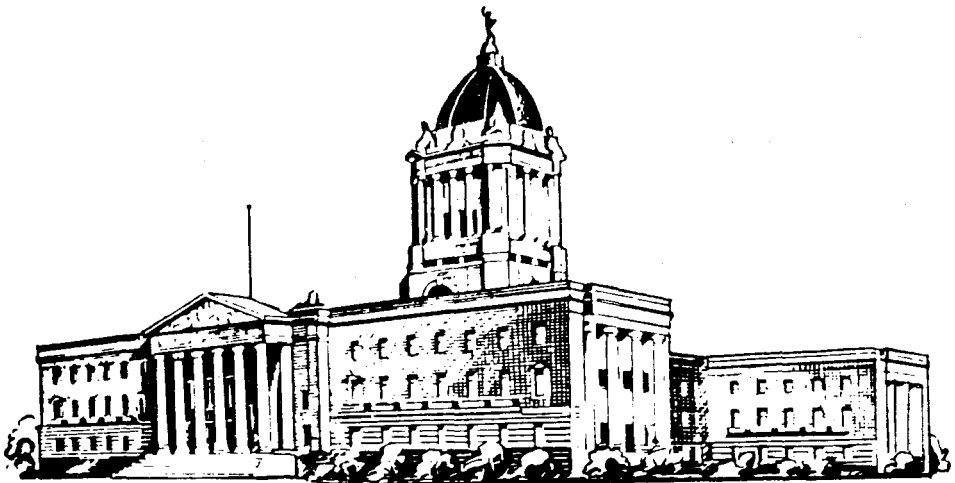


Legislative Assembly of Manitoba

DEBATES  
and  
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXIII No. 124 8:00 p.m., Tuesday, May 25th, 1976. Third Session, 30th Legislature.

Electoral Division	Name	Political Affiliation	Address	Postal Code
ARTHUR	J. Douglas Watt	P.C.	Reston, Man.	ROM 1X0
ASSINIBOIA	Steve Patrick	Lib.	10 Red Robin Place, Wpg.	R3J 3L8
BIRTLE-RUSSELL	Harry E. Graham	P.C.	Binscarth, Man.	ROJ 0G0
BRANDON EAST	Hon. Leonard S. Evans	NDP	Legislative Bldg., Winnipeg	R3C 0V8
BRANDON WEST	Edward McGill	P.C.	2228 Princess Ave., Brandon	R7B 0H9
BURROWS	Hon. Ben Hanuschak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
CHARLESWOOD	Arthur Moug	P.C.	29 Willow Ridge Rd., Winnipeg	R3R 1L5
CHURCHILL	Les Osland	NDP	66 Radisson Blvd., Churchill	ROB 0E0
CRESCENTWOOD	Warren Steen	P.C.	410 Borebank St., Winnipeg	R3N 1E7
DAUPHIN	Hon. Peter Burtniak	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ELMWOOD	Hon. Russell J. Doern	NDP	Legislative Bldg., Winnipeg	R3C 0V8
EMERSON	Steve Derewianchuk	NDP	Vita, Manitoba	ROA 2K0
FLIN FLON	Thomas Barrow	NDP	Cranberry Portage, Man.	ROB 0H0
FORT GARRY	L.R. (Bud) Sherman	P.C.	86 Niagara St., Winnipeg	R3N 0T9
FORT ROUGE	Lloyd Axworthy	Lib.	140 Roslyn Road, Winnipeg	R3L 0G8
GIMLI	John C. Gottfried	NDP	44 – 3rd Ave., Gimli, Man.	ROC 1B0
GLADSTONE	James R. Ferguson	P.C.	Gladstone, Man.	ROJ 0T0
INKSTER	Hon. Sidney Green, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
KILDONAN	Hon. Peter Fox	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAC DU BONNET	Hon. Sam Uskiw	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAKESIDE	Harry J. Enns	P.C.	Woodlands, Man.	ROC 3H0
LA VERENDRYE	Bob Banman	P.C.	Steinbach, Man.	ROA 2A0
LOGAN	William Jenkins	NDP	1294 Erin St., Winnipeg	R3E 2S6
MINNEBOSA	David Blake	P.C.	Minnedosa, Man.	ROJ 1E0
MORRIS	Warner H. Jorgenson	P.C.	Morris, Man.	ROG 1K0
OSBORNE	Hon. Ian Turnbull	NDP	Legislative Bldg., Winnipeg	R3C 0V8
PEMBINA	George Henderson	P.C.	Manitou, Man.	ROG 1G0
POINT DOUGLAS	Donald Malinowski	NDP	23 Coralberry Ave., Winnipeg	R2V 2P2
PORTAGE LA PRAIRIE	Gordon E. Johnston	Lib.	Box 112, Portage la Prairie, Manitoba	R1N 3B2
RADISSON	Harry Shafransky	NDP	4 Maplehurst Rd., Winnipeg	R2J 1W8
RHINELAND	Arnold Brown	P.C.	Winkler, Man.	ROG 2X0
RIEL	Donald W. Craik	P.C.	3 River Lane, Winnipeg	R2M 3Y8
RIVER HEIGHTS	Sidney Spivak, Q.C.	P.C.	2518 – 160 Hargrave St., Wpg.	R3C 3H3
ROBLIN	J. Wally McKenzie	P.C.	Inglis, Man.	ROJ 0X0
ROCK LAKE	Henry J. Einarson	P.C.	Glenboro, Man.	ROK 0X0
ROSSMERE	Hon. Ed. Schreyer	NDP	Legislative Bldg., Winnipeg	R3C 0V8
RUPERTSLAND	Hon. Harvey Bostrom	NDP	Legislative Bldg., Winnipeg	R3C 0V8
ST. BONIFACE	Hon. L.L. Desjardins	NDP	200 – 185 Carlton St., Wpg.	R3C 1P3
ST. GEORGE	Hon. Bill Uruski	NDP	10th flr., 330 Portage Ave., Wpg.	R3C 0C4
ST. JAMES	George Minaker	P.C.	318 Ronald St., Winnipeg	R3J 3J8
ST. JOHNS	Saul Cherniack, Q.C.	NDP	333 St. Johns Ave., Winnipeg	R2W 1H2
ST. MATTHEWS	Wally Johannson	NDP	418 Home St., Winnipeg	R3G 1X4
ST. VITAL	D.J. Walding	NDP	26 Hemlock Place, Winnipeg	R2H 1L7
STE. ROSE	A.R. (Pete) Adam	NDP	Ste. Rose du Lac, Man.	ROL 1S0
SELKIRK	Hon. Howard Pawley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SEVEN OAKS	Hon. Saul A. Miller	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SOURIS KILLARNEY	Earl McKellar	P.C.	Nesbitt, Man.	ROK 1P0
SPRINGFIELD	Hon. René E. Toupin	NDP	Legislative Bldg., Winnipeg	R3C 0V8
STURGEON CREEK	J. Frank Johnston	P.C.	310 Overdale St., Winnipeg	R3J 2G3
SWAN RIVER	James H. Bilton	P.C.	Swan River, Man.	ROL 1Z0
THE PAS	Hon. Ron McBryde	NDP	Legislative Bldg., Winnipeg	R3C 0V8
THOMPSON	Ken Dillen	NDP	24 – 1 Public Rd., Thompson	R8N 0M3
TRANSCONA	Hon. Russell Paulley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
VIRDEN	Morris McGregor	P.C.	Kenton, Man.	ROM 0Z0
WELLINGTON	Phillip M. Petursson	NDP	681 Banning St., Winnipeg	R3G 2G3
WINNIPEG CENTRE	Hon. J.R. (Bud) Boyce	NDP	Legislative Bldg., Winnipeg	R3C 0V8
WOLSELEY	R.G. (Bob) Wilson	P.C.	2 Middlegate, Winnipeg	R3C 2C4

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
8:00 p.m. Tuesday, May 25, 1976

COMMITTEE OF SUPPLY - DEPARTMENT OF FINANCE

MR. CHAIRMAN: When we rose at supper we were on Resolution 53(b)(1) Economic and Federal-Provincial Research Branch. (1) Salaries - \$233,800--pass; Other Expenditures - \$69,600. The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, we have an increase here. I wonder if the Minister could indicate whether that's just an increase in salaries or whether he could explain the difference in the increase in costs here to the government. Other Expenditures, Mr. Chairman.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I believe that \$170,000 of the 180, I believe it's roughly \$180,000 increase, \$170,000 of that approximately is the result of the application of the formula of reimbursement to Ottawa for the administrative cost in administering the program as part of the operations of Revenue Canada.

MR. CHAIRMAN: I think the honourable member was enquiring under (b)(2).  
(b)(2).

MR. SCHREYER: Other Expenditures - \$10,000? Mr. Chairman, there is no increase in professional services, it remains the same as last year. There is a \$1,500 increase in equipment rental and furniture. There is a \$7,000 increase in printing, stationery and computer. There is a \$400 increase in telephone and telex charges. There is no other change. So those are the items that account for the \$10,000.

MR. CHAIRMAN: (b)(2).

MR. EINARSON: That comes to \$8,900.

MR. SCHREYER: Well there's 1100 bucks here somewhere, Mr. Chairman. Oh, I'm sorry there's \$1,000 under the general heading of Transportation Costs; and \$100 I can't find. We're down to \$100, and I can't find that extra . . .

MR. CHAIRMAN: (b)(2)--pass; (c) Manitoba Tax Credit Office. Administration (1)(a) Salaries - \$148,400. The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, I can't let this one go by without congratulating the government on one hand with having spent \$999,600 for public relations and received many times that much out of results. But on the other hand acknowledging the fact that it's probably the most unnecessary expenditure that's contained in the Estimates in terms of what it actually produces for the taxpayers in Manitoba, because what it really does is to give them back the total of those amounts appearing below, which total \$100 million, but doing it in such a way that the taxpayer doesn't realize that the \$100 million didn't have to be taken from him in the first place, it can probably be best termed the left/right expenditure. Not that it's left/right politically but it does take the money out of the left-hand pocket and puts it back in the right-hand pocket, and it only absorbs out of the bureaucratic sponge one percent of the total as it's going through.

So, Mr. Chairman, I raise the point at this time mainly because it has to be acknowledged as the one of the most politically adept manoeuvres that the government has in its quiver at the present time, and that's a bit of an admission to them. It's not an honest one, it's not an intellectually honest way of administering the taxpayers' money. In fact, in that category it's sort of bottom of the heap, because it doesn't do anything productive except that it persuades a person that somehow he's not quite as bad off as he thinks he is when he receives this once a year. It's tax that's not new to this province, a rebate that's not new. It's been done before and it's been done in most of the other provinces because the government in its typical procedure never really stands alone. One of the things we've found out is that this government never stands up on its two hind legs and says, I did this and I did that. This government stands up and says: well that's done in Ontario, that's done in British Columbia, that's done in Alberta, and that's done in Saskatchewan, or you did it before.

So, Mr. Chairman, this particular rebate doesn't fall into any of those categories. It doesn't fall singularly into any one of those categories. It falls into all of them because it in fact has been done before; it's being done in almost every province that

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(MR. CRAIK cont'd). . . .they can name, which doesn't necessarily make it right. And it's a beautiful political instrument you can rapier your way around the province and say I am giving you money and those municipalities are bad guys and those school boards are culprits but we're saving you. And that's exactly what that is and they're prepared to spend \$1 million to see it done.

So, Mr. Chairman, the nub of it all is whether you've got the political courage to stand up and acknowledge that the money shouldn't have been taken away in the first place, it didn't really have to happen in the long run, or whether you want to laugh your way all the way to the polls, which this government has figured out long ago - they don't laugh their way to the bank, they laugh their way to the polls - and say, we're going to give you this on the one hand, we're going to give you this on the other hand, and while doing so, they are in fact using one of the most inefficient methods of handling the taxpayers' money that's ever been contrived. And when they are on the up side they'll say, we're doing it because it's a good system; when they're on the down side they'll say, well we're doing it because everybody else is doing it. But in actual fact what it means is that if you really boil it down, is that they're saying that the taxation system on the ability-to-pay principle does not work despite the escalation formula that's in the federal and provincial income tax system, and therefore we're going to redistribute income by a very inefficient second method, and in so doing, we're going to hoodwink you into believing that we're really doing you a favour.

Well, Mr. Chairman, let's get down to the real base root cause of what this really does. What it does is redistribute \$77 million worth of money and it takes a million dollars to do it. Well, Mr. Chairman, perhaps we should add the \$23 million in the cost of living tax credit payments, because it all comes under the tax credit appropriation here.

What it really does, when you really boil it all down, it says that the government hasn't got the intestinal fortitude to put on an income tax levy that they can live with. They're, instead of doing that, going to hire a million dollars' worth of labour to redistribute the income because they don't really have the intestinal fortitude to stand up and say, we're prepared to tax at a rate on income tax that makes it unnecessary for us to actually do that. Because if they did tax at the rate of income tax that brought in the equivalent amount of money and distributed it to the school boards and the municipalities on an equitable basis and through a proper foundation program in education, this wouldn't be necessary.

And I can see them all sort of swarming to the attack here because they want to be able to stand up and say, that those bad old guys, like the Member for St. Vital and his local article to the local newspaper says: "The Tories are going to cancel the school tax rebate." They really want to do that, they want to be able to jump right in and say that. What the Tories are really telling them, which is what they don't want to hear, is that you can redistribute income without blowing a million dollars. That's what the nub of it all is.

That's what bothers them. You know, when the Minister of Health is here and the founder of the subterranean program is here, the Minister of now Urban Affairs, he's here as well, the founder of the subterranean program, and the First Minister is here, so I'll tell them for their own good, what that bad old Tory Party is trying to tell them is, that there's a better way of doing it. --(Interjection)-- But you don't want to hear it. Well the Member for Ste. Rose says, "Why didn't you do it." That's probably back in the time when he was rustling cattle, he didn't have time to know what we were doing. --(Interjection)-- Pardon?

MR. CHAIRMAN: Order please. Order please. I think the honourable member should just reconsider the remark that he made. We don't accuse other members in this House of breaking the law.

MR. CRAIK: Mr. Chairman, I'm not just too sure how bad the violation is. Do you want me to clarify it?

MR. CHAIRMAN: Cattle rustling. I don't think that kind of language is necessary in this Chamber.

MR. CRAIK: Well, Mr. Chairman, if I am imputing bad motives to the member,

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(MR. CRAIK cont'd). . . .it's not intentional. Mr. Chairman, I want to point out to the Member for Ste. Rose that there was back at a point in time, where I don't think he would have raised that question because there was a program in education that was based on an equitable distribution of funds, and based on the principle of equality to education for the students in the system, and based on the principle that in order to do things in a forthright manner you took political courage; and that at the same point in time was in a period of two or three years when the unitary school system was established, and it was discovered along with that in a very rational manner that financing of the system was important too. And it was done in a forthright way. It was done in a way that provided with a degree of confidence to the administrators of the school divisions and the municipalities that money distributed from provincial sources could be done directly without fear that they were going to rip off the taxpayer. But this system isn't. This system is based on the fact that you have to spend \$1 million out of taxpayers' money to give money back directly to the property taxpayer for one of those reasons: One, you don't think that your school boards or your municipalities are going to do it in an equitable manner, and do it in such a manner as to safeguard the taxpayers' dollar. Or secondly, that you feel that there's some value in going back to the people and saying to them, we are the deliverer of gifts in this province, and we have just delivered you a gift of \$200, at minimum, and \$350 at a maximum, or whatever your limits happen to be at the time you do it. --(Interjection)-- Well, it's find if that's your frame of reference, if you feel that it's worth a million dollars worth of public relations to do it.

But I'm telling you that people aren't so insensitive to what is right and what is wrong that they wouldn't just as equitably accept the fact that you had financed their school division to the point where their school tax is reduced in the case of the person living in the small town, who may have .100 percent of his school tax paid for now, would have it paid 100 percent through the other system as well. And if it wasn't paid for 100 percent, he would even accept it being paid 80 percent. He would accept it being paid 80 percent, because the intent of the original foundation program of good financing of school divisions was based on the fact that at some point in time the foundation program would pay for 80 percent of the costs of public school education.

But you're trapped now, you can't get out of it. The school tax rebate is too significant a part of the total financial structure. It's \$100 million out of total provincial budget of roughly ten times that much. \$100,999,600 is what's in the Estimates. And that's 10 percent of your total provincial budget. That's a very significant factor, but it's based on a very weak premise. It's going to be very difficult to remove, and to bring back to the basics of proper financing. And I don't think this government is not every going to get out of that position, because they believe in it, and it has too many political kudos in it for them to abandon it.

But any responsible government would approach it from the point of view not of cancelling a school tax rebate, but instituting a proper financing program such as what existed prior to the tenancy of this government, and which was in the plans for expansion of bringing about a proper financing of the public school system and of the municipalities to the point where the expenditure of \$1,999,600 was not necessary. It has to be the most unproductive expenditure of money that has occurred. And I can see all 31 or 32 standing up and saying, "You're going to cancel the school tax rebate," and I wouldn't blame you, I'd get up and do the same thing, because that's the sort of cheap shots you can take. But the fact of the matter is that, to repeat again, it's an inefficient method and with proper financing, with the proper distribution of income through the historical methods of accumulating that income to the province through the ability-to-pay principle it is absolutely unnecessary to spend \$1 million to redistribute that income to the school divisions and to the municipalities, as is being done right now, instead of going through this complicated procedure of buying a few votes.

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIAK: Mr. Chairman, I of course, listened with interest to the Honourable Member for Riel, who I consider to be an educated person. I consider him to be an intelligent person, and therefore I cannot say that he misunderstands the objectives

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(MR. CHERNIACK cont'd). . . .of the plan he is discussing. I cannot say that he does not know the purpose, nor can I say that he cannot really see the basic difference between his philosophy and that on our side. Since I give him credit for understanding the difference then I have to say that he is deliberately distorting the presentation for political purposes. And the Member for Swan River accuses me of stating an untruth, and I want the Member for Swan River to know that if he is going to Swan River to repeat the story, as told by his Acting Leader, then he will be distorting deliberately the difference in philosophy between him and us. --(Interjection)-- Now the Member for Swan River says the people know now. So he disagrees with his leader who said that we are successfully using a political gambit. Well the Member for Swan River should make up his mind. Either his Leader is correct in stating that we are doing something to our political advantage or the Member for Swan River is saying that it's not so because the people already know. So he better get together. I think they have caucus meetings; I think he has occasion to meet with the Member for Riel; I would urge him for his own satisfaction and in order that he should be as knowledgeable as I believe the Leader of the Opposition really is, I think he should get together and talk to him rather than yell across the Chamber.

Mr. Chairman, there is a basic difference in approach and it would be more honest for the Leader of the Opposition to discuss that difference and debate that difference than to take cheap shots - and I'm using his words - in order to achieve political advantage - and I'm using his words. Mr. Chairman, he pretends that it is possible to accomplish our purpose by taking this very same sum of money and distributing it amongst the municipalities and the school boards. But he knows, Mr. Chairman, that that is not possible because our purpose is to assist in the redistribution of wealth. Our purpose is to relieve the burden on the lower income people and that cannot be his purpose if he believes that by paying the money directly to the municipalities and the school boards we will accomplish that which we want to do. --(Interjection)-- The Member for Swan River says he's been listening to this line for fifteen years. Mr. Chairman, look how little he has learned in fifteen years.

Mr. Chairman, the Leader of the Opposition said that if only this government - I don't know if the Member for Swan River insists on interrupting me and feels that he will accomplish more by interrupting than he would be speaking on his feet. --(Interjection)--

MR. CHAIRMAN: Order please. ORDER! Honourable members know that it is against the privileges of the House to interrupt other people when they're speaking. ORDER! The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, the Honourable the Leader of the Opposition said that this government lacks the intestinal fortitude to increase the income tax levy. I don't know if he really meant that. --(Interjection)-- Now he says it amounts to the same thing. Now I am confused if he really believes that. Why increase the levy when the money is already in the budget? Maybe he can clarify later what he means by increase the levy. We are now getting 42-1/2 percent of the federal basic tax. Does he suggest that we have to get 43 percent in order to redistribute this money to the municipalities and the school boards? If he does then I really don't understand his arithmetic. There is no need to increase it. If he wants to debate the manner of payment, the expenditure, well and good. But to accuse us of not having the intestinal fortitude to do what? - to increase the levy - denies the fact that we don't need to do that at all to accomplish his purpose. Therefore it seems to me that he doesn't - maybe I was wrong to credit him with the educational and intellectual equipment with which to understand this because his way, there would be no need to increase it. But if he believes that there is a need to increase it and he's talking about it then maybe that's the message he wants to take to the people of Manitoba. "We will," and I quote him, "We will eliminate the Property Tax Credit Plan. We will," and now I don't want to put words in his mouth but I have to put words in his mouth because he said it in a different sense today, that we have to increase the levy somehow. I don't see the point.

But, Mr. Chairman, I think that the honourable member has dealt with school boards enough in his very short period as a Minister, and a Minister of Education at that, to know that when there is a grant given to a school board, what that will do is one

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(MR. CHERNIACK cont'd). . . .of two major things. One, it will give the school board an opportunity to increase its program, increase its expenditure without reduction of the mill rate or it will enable it to keep the program it has and reduce the mill rate. Now I assume that he expects the second to happen. I have to assume that he does not expect the school board to increase its program and not reduce the mill rate. If he believed that that were the case then he ought to admit that he would accomplish nothing in reduction of real property taxation if that were to happen. If the mill rate is not reduced but the program expanded, that might be good for educational programs but it will not reduce the real property taxation. So if, on the other hand, what he would do - and he would have to do something because he has now pledged to eliminate this property tax credit - what he would then do apparently from what he said would be to pay the money to the municipalities and the school boards presumably to reduce the mill rate.

Mr. Chairman, he well knows that his government instituted a differential between commercial-industrial property tax and residential property tax. Our plan for the Tax Credit Program is to redistribute the burden in the residential field only. That is to residents who pay taxes, property taxes, either through taxation or property they own and reside in or if they are tenants, through the income tax system alone. Now if the desire would be to reduce the mill rate as its impact is on the residential then he would have to tell us that he would intend to increase the differential between the industrial-commercial rate and the residential rate. He hasn't told us that. If he proposes that the residential will go down, he will have to say to the electorate and to his supporters that it will be necessary and advisable, I suppose, to make a greater differential than now exists between commercial-industrial and residential. But if that is not to happen then the mill rate being reduced will apply in large measure to the benefit of those who pay the highest property taxes which is industrial and which is commercial, which is not residential.

So what he wants to do in his plan is to benefit industrial-commercial and amongst the residential people to benefit those who pay more taxes rather than those who pay less. --(Interjection)-- Pardon? --(Interjection)-- So you see, Mr. Chairman, I wonder if that's on the record or I wonder if I should put it on the record for the Honourable Member for Rock Lake. It seems that we've started off poorly today with three people of that party each speaking out of line just in the last half hour, and he's one of them. But he says, how long can you keep on doing this? Do you know, Mr. Chairman, we are benefitting a selective group. And when we came in, with his plan --(Interjection)-- Oh yes, selective. We've said it all along. When we came in with this plan I would say that this government did it; I would like to say if I could take entire credit for myself that I did it, but of course I didn't, this government did it. The fact that the other governments, including Conservative administrations, did the same thing is only evidence to me that even Conservatives saw the merit of this plan.

Let me talk about how it came about. Let me tell you, Mr. Chairman, that when this plan was brought into being the Federal Government was following the practice that the Conservatives love - or these Conservatives love - of an across-the-board tax cut. They said, in order to stimulate the economy we think the provinces should also have a tax cut. And we said, fair game. If you permit us to have a selective tax cut we are quite prepared to do it, based on benefitting those with the lowest ability-to-pay. But the Federal Government said, no, and then the pressure started. The pressure started not only from Manitoba, not only from Ontario, but there was a general mood to start talking to the Federal Government about provincial governments having the right to designate the manner in which they would like to have a tax cut. I believe that actually Ontario cleared the procedure ahead of us but I don't say that that's why we followed them. I'd rather be able to say that we had done it first so that they followed us. But we were working on it concurrently and as far as I know without knowing each that the other was doing it.

But it was a negotiation with the Federal Government saying, we are prepared to reduce taxes; we do not want to do it your way, the across the board way; we want to do it selectively to benefit people of lower income and we can only do it through your system if you will lend us the machinery which you're using. Now that million dollars referred to by the Leader of the Opposition would not have to be spent if we were prepared

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(MR. CHERNIACK cont'd). . . .to have an across-the-board tax cut, which the Conservatives promote. That's something that they have had in mind all along. And that's the difference. I have had occasion before to say that if we agreed with the Conservatives then it wouldn't matter who would be in government because the people would be getting the same deal and a bad one at that. That's why we're here and that's why I expect we will continue to be here. Not because of this being. . .the Member for Wolseley wants to make a contribution. If he has a question I'd be glad to hear it.

A MEMBER: Don't bother.

MR. CHERNIACK: The Member for Sturgeon Creek at least gave me good advice. I take he said, "don't bother". I take it he meant --(Interjection)-- Oh that's the fourth or fifth one on that side. Mr. Chairman, we negotiated with the Federal Government the opportunity to have a selective tax cut and they agreed to do it and they said we will charge you for it. And the Federal Government is charging the Provincial administration \$670,000 for what?

A MEMBER: To back you up.

MR. CHERNIACK: Oh the Member for Swan River is back, Mr. Chairman. Did you notice his absence? It was so quiet and peaceful except for one interjection while the Member for Swan River was out. Mr. Chairman, the Federal Government said, yes, for the fee of \$670,000 we will lend our administrative process to you - as they've done to other provincial governments - we will accept the form which we are the last arbiters as to the manner in which the form is presented, and we the Federal Government will issue a cheque signed by whoever the Federal Government controller is, a Federal Government cheque, which will go out to the people of Manitoba to accomplish the purpose of a redistribution. So when members opposite talk about the left pocket and the right pocket, they ought to remember the different pairs of pants that are being worn by those who use those pockets. They ought very well to remember that it's not the same pair of pants with the left pocket providing the money and going back into the right. That might be the kind of game they want to play but the two different pairs of pants may well be a pair of Tuxedo pants and a ragged pair of pants of those people who aren't able to afford to have a number of suits because that is the distinction. And if members opposite want to discuss this difference in approach, let them do so and let them do so honestly rather than in a snide, cheap shot way that has been indicated this evening already. Now, the Member for Swan River has a question?

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Thank you, Mr. Chairman. I would ask the Honourable Member for St. Johns if he, the party he represents, are bigger socialists than the Liberals that are in Ottawa or vice versa?

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, that is a very important vital question to this economy. The Member for Swan River apparently has difficulty assessing the relative degree of advancement of the Federal Liberals and the Manitoba NDP. I want to remind the Honourable Member for Swan River that the Prime Minister of this country made some very revealing statements at Christmas time, and I didn't know he made it in Cuba, that's interesting that he did it in Cuba. The Honourable Member for Swan River should visit Cuba and find out --(Interjection)-- Oh, he closes his eyes and says, no way. He doesn't trust himself to visit Cuba. He's afraid that if he visits Cuba he will make statements such as the Prime Minister made. I suppose it's true, he might well learn something if he would go there.

Mr. Chairman, I want to just repeat. This government has shown its intestinal fortitude in accepting a tax rate which is, as they say, the highest in Canada - it really isn't but it's amongst the highest - and in doing so it showed a great deal of courage and did so for a very basic reason, to eliminate a medicare premium tax which the Conservatives supported. That was their program and this is ours. So having shown that we have intestinal fortitude, and frankly we didn't have to show it to the Conservatives who apparently --(Interjection)-- Ah, the Member for Swan River is realizing that when we do things to benefit the majority of people, they want us to stay in government. And he's



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(MR. CHERNIACK cont'd). . . .quite right about that.

And, Mr. Chairman, the next thing we did was take advantage of that negotiated method of working things out with the Federal Government so that they would, for less than one percent, make it possible for us to accomplish a further step in that direction, less than one percent is the administrative cost, as indicated by the Leader of the Opposition. The total - he said it was \$77 million, he realized he was wrong - it was \$ .00 million. I refer him to the Supplementary Supply, which is another \$5 million, and which carries with it an increased program which I am guessing, I don't remember the figures, brings it to either \$112 million or \$117 million for next year, subject of course to the escalator clause which might increase the cost of living tax credit payment. So that for handling something well over \$100 million, well over \$100 million, less than one percent is being used to administer that program, which is a major program of this government. Now the Conservatives don't like the program - say so. The Conservatives say it's wrong - say so. But don't take cheap shots by talking about this cost because this is a very inexpensive cost.

I believe the Honourable Member for Wolseley wishes to ask a question. Oh, he's just stretching. So, Mr. Chairman, let's make it clear. Redistributing this money through the school boards and the municipalities will not be a redistribution, it will be one which benefits the higher income people both in the residential field as well as in that area which is paid by the industrial and commercial real property taxpayer. Make that clear, let's understand each other, and let's debate it on the basis of actually understanding the program and not on the basis of emotion or confusion or deliberate distortion, which I suggest is what we heard today.

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MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. CRAIK: Well, Mr. Chairman, I'm not going to prolong the positions of . . . There's nobody debating the issue here of relief of property taxes, but if you look at the Estimates themselves you can see that the majority of the money here is being put back into the property taxpayers' pockets, if you like, for \$148,400. The smallest half is being put back in through the \$670,000 that goes to the Federal Government and that is through the income tax pro rata procedure, and I'd like to know what the remaining \$181,200 is here because I would think that a part of that is due to the advertising that is required to make the person who shouldn't have paid the money in the first place aware of the fact that he should apply to get that money back by some indirect means. So if you add the two up that if you really want to offer a rebate you could offer the majority of your \$100 million back to the people by taking it directly off his municipal and school board tax bills at the cost of \$148,400, saving yourself a price of roughly \$850,000 which you spent to distribute that little increment that's left. So to bring the thing to a head, Mr. Chairman, I'd like to ask, where does the \$181,200 in Other Expenditures get spent? How much of that goes in advertising?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: All right, Mr. Chairman, the question is a specific one and that's the kind I like most. I can inform the honourable member that of the \$181,200 that he is now referring to, \$2,000 relates to furniture and furnishings with respect to the Administrative Operations; \$16,000 relates to Printing and Stationery; \$9,000 with respect to Postage, Telephone and Telegraph; \$12,000 with respect to Transportation; \$110,000 with respect to Information Exhibits and Advertising; and \$31,000 with respect to Publications. I might add that this service relates to not only the property tax credit but it relates to a service that we are attempting to provide to those tax filers in the province who are either of an age, or a previous pattern of not filing income tax returns for reason perhaps that they were not in a position to report taxable income, and so this operation is one of providing assistance in the filing of returns. I don't have it at my fingertips but I believe I could get some indication as to the number of tax filers in that particular category that are receiving actual filing information and direct assistance.

MR. CRAIK: Mr. Chairman, of course, that's the most important question of all. How many people that are deserving of what the government's attempting to do are in fact receiving the dollars? That's the important question because most of the people that this may be aimed at or should theoretically avail themselves of it are in an age group where they're now in senior citizen homes and probably came from an era that never did file income tax returns. I can name you very many of them directly, so I think that's the important question. How many of the people that could qualify for this, namely, the senior citizens, are in fact, what proportion, are qualifying for these returns? Have we any way of knowing how many are being deprived of what they should receive in relation to those that are receiving it.

Now secondly, Mr. Chairman, as a second question, and what I'd like to find out is, out of the \$77 million that is distributed in the property tax credit or is planned to be distributed --(Interjection)-- Well it's 105 if you add in the cost of living tax credit, but if you take the property tax, and that's the biggest single chunk is what you are aiming at out of the 77 on property tax credit, how much of the 77 would be distributed through the property tax bills that are going out right now, and that have been going out through May and June of this year? In other words, how much goes through the property tax bill and how much comes through the filing of an income tax statement?

MR. SCHREYER: Yes, Mr. Chairman, we are getting that information. I believe that the breakout of that is in the Budget documents as to how much of the \$77 million program flows through the municipal tax bills and how much flows through the income tax Canada mechanism.

While we are looking for that information I might indicate to the Honourable the Leader of the Opposition that indeed one of the very welcome features of this program as it has unfolded is that there are indeed quite a number of people who were either of an age group or of a socio and income position where they had not been filing tax returns

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(MR. SCHREYER cont'd) . . . .in the past who are now filing tax returns, either because they are aware of the tax credit available through the advertising medium, or because of word of mouth from their relatives and friends, their kinfolk, and are filing the returns and are qualifying for a tax rebate or credit, and in that regard although there may be some philosophic difference, if there is I'm rather puzzled because it seems to me that the Honourable Robert Stanfield was an early advocate of the negative income tax, and indeed this is an incipient form of the negative income tax in that it does bring some disposable income to those in the lower income categories. My honourable friend may feel that it is somehow out of line to have a one percent administrative cost but, Mr. Chairman, there are few, very few programs operated by this or any other government in Canada that is in a position to offer any program at less than one percent administrative cost, and that being the case and because it has a very definitive dual purpose, not only to relate to the offsetting or amelioration of property tax, but also to do so in a way that relates to income position of households, be they homeowner or rental tenant. Unabashedly that is one of the very fundamental purposes of this program. I only wish it could be more significant because if it could be then we would not have to be talking in the abstract in Canada about negative income tax, guaranteed annual income, and all of these other rather pie-in-the-sky concepts that are being talked about by some.

So that, Mr. Chairman, is quite frankly, quite candidly, unabashedly one of the two fundamental purposes of this program. If my honourable friends wish to disclaim support for it on that basis, that of course is the whole purpose of democratic politics. It does make it strange however because one of their former national leaders was an advocate of the negative income tax which is a mode, which is merely another means and a cousin by the way, a related means, of transferring redistribution of wealth, at least to a degree, in our country, and in addition to that the Province of Ontario does administer a similar program, under similar guidelines, if not identical, and have a similar administrative arrangement with Canada. The cost to us, we have no reason to believe, would be less than the arrangement we have with Ottawa at the present time, with Revenue Canada.

One other point, I would say the Honourable the Leader of the Opposition, that if it were open to the provinces to define their own taxable income, then perhaps we would have an alternative to having a portion of this program administered by Revenue Canada, but given the fact that under the Tax Collection Agreement, it is not open, it is not possible for the provinces to have definitions of taxable income. We must use the definitions as laid down in the Income Tax Act of Canada. Therefore I fail completely to understand what he's getting at when he suggests that we needn't do it this way, we could levy a higher income tax. Mr. Chairman, the effect of that would be the very opposite at the middle and lower income levels, it would be the very opposite of what the intent is. So because we do not have any flexibility on the definition of taxable income, we must use rather the very blunt and broad instrument of the existing taxable income definitions and then use a credit or rebate system in order to get the impact at the middle and lower echelons of family or household income. That's what this is all about, and in the final analysis one is either philosophically for it or against it. But if they think that it is somehow something that is so logical to oppose, I would point out to them that politicians of parties other than our own are on record as favouring tax credits, rebates, that are inversely related to income levels.

So the number of tax returns filed in 1974 in the order of 313,000 would indicate that there are indeed, one could say, 103,000 tax returns filed under the \$5,000 of income. So that I think one can infer from that that there is a good proportion of tax returns filed by those who are net recipients of the tax credit. And with respect to the estimate, I believe the Leader of the Opposition was asking specifically how much flows through the income tax mechanism of Revenue Canada and how much through advances on the municipal tax bills, the answer is approximately 38 million through the advances on the municipal tax bills and approximately 50 million through the income tax mechanism.

MR. CRAIK: Mr. Chairman, that gets us a little closer to the answer with regards to - what this really says is that for half of the dollars that are redistributed,

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(MR. CRAIK cont'd) . . . .you take three quarters and better of the administration dollars to do it. And to administer the money that goes back through the income tax procedure is much less efficient than the overall one percent of total amounts distributed, indicated, if you look at it, just as a total. In other words, in here we have \$850,000, 85 percent of the total goes to the distribution of the \$49 million that are going back through income tax. Now if you gave the relief directly, which is what the whole thing is aimed at, or at least the majority of it is aimed at, and gave it directly as relief on property tax, you would have solved it by spending only 15 percent of the amount of money you have in administration.

Now the second point is, that the First Minister talks about a negative income tax, but what he's saying is that a tax on property is a tax on wealth. And that's not entirely true. --(Interjection)-- Basically, this comes down to property tax. A person may work very hard, he may renovate his basement, he may put in a rumpus room, he may finish it off in carpeted walls, carpeted ceilings and carpeted everything else, and the assessor comes along and says you are living in a class of wealth as such and such, and he applies a tax. And that person is going to be taxed on that basis, and he's going to be fixed whatever the rebate happens to be for that particular year, which isn't going to subtract from the fact that he has been taxed on his apparent wealth. The negative income tax that was talked about by Mr. Stanfield, isn't something that he intended to be tied to tax on property. The Premier is saying here that he equates directly what was said about a negative income tax as being directly transferable to his approach to taxing a person's real property. And a person's real property, although on average may in fact be a measure of his wealth, is not absolutely enough upon which to base a policy that represents 10 percent of a provincial government's expenditure, because a tax on real property, a person's home, which it really boils down to, isn't entirely in any more than a certain percentage of the cases an indication of his wealth.

There are some people that take a pride in their homes, they're handymen that may work on their own homes, they're people who have decided that they will build their home, particularly in a time of inflation, as being their retirement plan. That's what a lot of people are doing, because they're not tuned out to what's happening in the economy. They know that the effects of inflation are affecting real property to a much greater extent and real property is the one absolute they have to hang on to; more absolute in the eyes of many than the value of the dollar, of the provincial bonds that are being issued now. And they decide that they're going to build themselves a - that is their equity, that's their retirement plan. They may sell it at some point in time. They may be a minority, but they're a large enough minority that the First Minister shouldn't use them as a mechanism for a negative income tax. They are a large enough minority that what should be done here is to recognize that real property should be used for certain purposes - that is, for taxing the services that service that property as a basic fundamental; taxing for the purposes not only of the physical services but the manpower service through the municipality primarily that service that property, but don't use it to pay for the education system that has no relationship to the property. And I think this government started out saying that property taxes should not be based on the requirements of the educational system. They've fallen away from it, and they've gone into this inefficient method of trying to do a convoluted tax on wealth type of approach to get at the requirement for money to operate an educational system.

Mr. Chairman, that's the basics of what we're trying to say, is the logic towards property tax. Property tax originally started out for a very specific purpose, and that was to finance the services that were related to that property. And what has been done is to take it entirely to a system which can be used to tax wealth, but in attempting to tax wealth it penalizes many people who don't regard it and don't treat it as being a measure of their wealth. They may in fact be a victim of the home they live in, because it emerged that way. They had a large family, the family's grown up, the family's gone away, they've kept up their property, their property is valuable, they treat it as a retirement vehicle: owned in joint title, Mr. Chairman, because it's held jointly by the two parties that live in the house, and in turn are hit by this government because they find it as a vehicle to a tax on wealth, where in actual fact it may be in the majority of cases

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(MR. CRAIK cont'd) . . . .it may be, and I say only may, but in actual fact will for some segment of the community be very much not a tax on wealth and very much not a negative income tax. And I say again that a negative income tax can't be fully realized through approaching a tax on property as fulfilling the objective of a negative income tax.

MR. SCHREYER: Mr. Chairman, I don't want to be unkind, but it seems to me that the example that the Honourable Leader of the Opposition has given, that he has succeeded very nicely in pulling the rug out from under himself. Or to use a more active illustration, he has run on his own sword. Because he is saying, what about - he uses as an illustration a couple who are fixing up their home, thereby giving it added value, and that presumably means higher local municipal tax, and that this program somehow penalizes them. Mr. Chairman, the exact opposite is true. If it is a couple who are on relatively modest or lower income who are making improvements in their home, then because this property tax credit plan is based on income, inversely related to income, and if they are owning a home in which improvements have been made and therefore the taxes have gone up, their property tax, but their income is low, then they get more under this program.

You know, the end result is the opposite of what my honourable friend is implying. If we were to do it their way then we would have some \$80 million approximately which we would apply, according to his advice, on a across-the-board reduction in municipal taxes by injecting the funds by way of grants to school boards. The school boards are not in a position to apply these funds in a way inversely related to income, and therefore the benefit of the \$80 million would be dissipated across-the-board, and those on lower income, the very same couple who are preparing for a rainy day, who are preparing for retirement, would be by some quantifiable amount the lesser beneficiaries. So there you have it, Mr. Chairman. If we were to follow my honourable friend's advice, we would be doing an injustice, not justice, to the very client group that my honourable friend has just expressed that solicitude for. I'm afraid I don't understand.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman, I leave it to the Premier and the Leader of the Opposition to fight out the fundamentals. But I am at a loss to understand some of the discussion that's going on, this \$77 million cost that my leader has spoken about tonight, and his remarks seem to me to make sense.

The community I come from, Mr Chairman, I like to feel they're pretty independent people. And what is happening, what is happening, there's some 700 people now living under the umbrella of the great landlord, the Provincial Government. --(Interjection)-- My friend says "Hear, hear." That is not the way this country was built up. As far as I'm concerned, I find that those old people are talking to me now. And they're getting these rebates. The First Minister is an advocate of curbing inflation, and I'd be the first to say that everything this government has done has not been wrong. But I hesitate to accept the fact that they would move into a community such as mine and they would build low rental housing and other kinds of housing which is grossly unfair to those people that have fended for themselves and not asking this government for anything. They built their home forty years ago, in poor circumstances, and those houses are still in poor circumstances. They're quite content to live in them. But when they look across the street --(Interjection)-- when I'm finished, the honourable member can ask a question --(Interjection)-- You certainly did. And you know why you did it, because you think you'll win the next election. But as long as I'm around you'll never win it.--(Interjection)-- Mr. Premier, you know, you're boxed in.

MR. CHAIRMAN: Order please.

MR. BILTON: Mr. Premier, I respect you for all you stand for. We're politics apart, but I have old age pensioners coming to me and saying what am I going to do with all this money. The supplementary cheque, the old age pension and everything else, they don't know what to do about it. The Minister of Health and Welfare has a letter, a very important letter, a well written letter, explaining the whole situation as to how those oldtimers, they're not asking this government for anything, and they don't know what to do with their money, Mr. Minister, that they're getting from the several sources.

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(MR. BILTON cont'd) . . . . And I believe you're doing them a disservice. I believe you're doing them a disservice. As I said a moment ago, I'm leaving the fundamentals to my leader and the First Minister to discuss. But I hear it on every hand, what's going on, where is this money coming from, why is this government giving this up, where are they getting it from? You know as well as I do where you're getting it from. But never in the history of the valley, Mr Chairman, did we ever need the charity that this government is handing out. The people are not asking for it, but it's being forced upon them, and they don't want it. --(Interjection)--

You know, Mr. Chairman, it's a big joke to some of those people over there. I think the First Minister, if he thinks about what I'm attempting to say in my own old-fashioned way, that it is just as simple as this, that there are still many people on this God-given earth that are still prepared in their advanced years to take care of themselves. And they will continue to take care of themselves. Mr. First Minister, please look at this situation, don't be handing out this money like candy. Somebody has to earn it. Somebody has to earn it, Sir, and whilst those that are earning it are prepared to give it, don't drive them into the ground, because you're not getting, you're not getting the requests for the legislation that you're setting up, for the handing out of the schemes that you're handing out. I would be the first to say that those that are in need, by all means give them God-given earth, but I know many many people, Mr. Minister, that if you give them a million dollars tomorrow, next week they'd be back for another million, and you know that as well as I do, and they're at your doorstep day in and day out. Try and curb this expenditure.

Whilst I'm on my feet, I would like to know what the cost of advertising of this program has been during the past year. I think the governmental advertising in the last twelve months has just been a public disgrace, not only in this particular respect, Mr. Minister, but in every department of the government. I'm getting envelopes every week that's costing the government 60 and 70 cents a week to send me the weekly releases. I've said it before and I'll say it again, your party condemned our government when we sent out ten or fifteen sheets. Today, Sir, it's a book every week. Do something about it. Nobody gives a good God damn . . . and for heaven's sakes, don't be pouring out your charity in the Swan River valley, we can take care of ourselves, because you're not going to win that seat, I'll tell you now.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman, it is usual that I listen with interest to the Honourable Member for Swan River for some fatherly advice, but he'll forgive me if, with respect to what he has said in the past ten or fifteen minutes, I express some considerable bafflement about. Because on the one hand I thought he was implying in his opening remarks that with respect to that generation of Manitobans who had to live with and weather the Depression, that perhaps we were not doing well enough by them. But I see I misinterpreted. Still I believe the Honourable Member for Swan River is aware, if he hasn't lent his voice in support, I believe he has been at least sympathetic to the request from the community of Swan River that there be for example improvements with respect to senior citizen lodging, extension or expansion, and nursing home facilities. That is a current request of the Swan River Valley by the way, and one which I regard to be completely valid. There may be a problem as to the scheduling or the staging of it, I'm not sure that it will fit into the 1976 or '77 construction program, but at some relatively early future date, I believe on the basis of the information that we have, that it would seem that there is a case to be made for the spending of public funds for the expansion of senior citizen lodging and nursing home facilities in Swan River. Now I take it that that is a category of public spending which my honourable friend supports.

But then there arises the question as to whether or not - and I know that the Honourable Member for Assiniboia was having as much difficulty as I in really understanding what was the current reality. There are those who argue you know, Mr. Chairman, that the disposable income of old age pensioners on Old Age Security and the Guaranteed Income Supplement, is not really all that generous. There are those who argue that, and my honourable friend from Swan River is suggesting on the other hand

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(MR. SCHREYER cont'd) . . . .that there is literally a cornucopia of pension cheques coming in from all over the place, like Alfred Hitchcock's birds, one can't fend them off, there's millions of cheques coming in. I don't believe that that is the reality of the situation.

MR. BILTON: . . . prevent me to suggest to him that I didn't say there were millions of cheques coming from all over the nation.

MR. CHAIRMAN: The Honourable First Minister

MR. SCHREYER: Well, Mr. Chairman, I meant that in the aggregate sense, and of course I have to confess that is one of the times I was perhaps exaggerating. But the point of my honourable friend's message was clear, and that is that there is if anything an excess of monthly cheques coming in, being the Old Age Security and Guaranteed Income Supplement. You know, to be perfectly fair about it, if that is the case, for the most part that is something which really is to the credit of the Government of Canada. The Province of Manitoba is not mailing out any significant income support to those in the post 65-year age group. Now --(Interjection)-- Yes, and the Guaranteed Income Supplement is based on actual needs and income. So I don't think that it stands up to argue that there is an excess of income support being paid to our senior citizens.

Now insofar as how much is being spent on advertising, I gave that information to the Leader of the Opposition. The Information Program and advertising relates to the fact that there has been a substantial increase in the number of tax filers, and we suspect that this is largely to do with the fact that those again of the older age group and those of lower income who were not filing in the past are filing now because of the Tax Credit. But you can't have it both ways, Mr. Chairman. If we are to make it widely known to those of lower income and senior age that there is a tax credit, it has to be disseminated as information, and for that there is amount spent of \$100,000 a year for the entire province. And I certainly don't apologize for that. I set aside, but it's always the case --(Interjection)-- Yes, on this one program. Well it required pervasive information dissemination, because we were trying to get at an age group, at an income group who were not filing returns before at all, and it takes some doing to make that information known. That's what you call pervasive information and advertising. I kept a whole stack of papers, Mr. Chairman, but it was too bulky so I took it back to the office, I don't have it here. Full page ads in the Globe and Mail, Toronto Star, etc., etc., run by the Province of Ontario with respect to the self same program.

I might say too, since the honourable member has mentioned it, that with respect to the Information Services, that there's nothing new about his complaint. The former Member for Gladstone, Nelson Shoemaker, used to make quite a point about the extent to which these government information sheets were disseminated to all and sundry. But the fact of the matter is, Mr. Chairman, that we get requests, complaints I guess I could say, from people wanting to know more about what is going on, the activities of the province, and as often as not the complaint is the opposite, that there isn't a broad enough dissemination of information. For all it costs for the paper and the printing, if we are to try and keep abreast, public information keep abreast of activities, then we must engage in these information sheets. We did not initiate them. I don't think my honourable friend would find one passage in Hansard where he was criticized by any of my colleagues or myself for the fact that they initiated the Manitoba Information Bureau back in the early 60's.

MR. BILTON: Mr. Chairman, I'd like to put the record straight. I'm sure the Honourable Minister wouldn't mind me taking pride in the fact that the Conservative Government built the senior citizens' home in Swan River, not the NDP Government. And insofar as the nursing home was concerned --(Interjection)-- Well I just wanted to make that clear. And we didn't do it on charity either, we got out and worked and built it. But anyway as far as the nursing home is concerned, which the Honourable Minister mentioned, it's doing a wonderful job, Sir. That too was on the drawing boards before you took office. And I'm grateful that you followed through and built it. But so far as I'm concerned, Sir, I have tried in my own way to point out to you that you're the biggest landlord in the Swan River Valley, and by God in my 15 years in public life, I never

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(MR. BILTON cont'd) . . . .thought I'd live to see that day. And you are, for one reason, one reason to take that seat, and I deny it to you.

MR. SCHREYER: Mr. Chairman, I know my honourable friend has a rather cynical view as to the basis upon which governments make decisions as to what kind of infrastructure to build and what communities - or perhaps as my honourable friend is pre-occupied with it, I should say constituencies rather than communities. But clearly, one bit of advice I can give to my successor, whoever it is, is that the best way to have it both ways, to have your cake and eat it too, is for a government to get a whole host of plans ready on the drawing board, and then when the succeeding government comes to office, if it proceeds with the plans, then the previous group can say, "Ah, that is nothing we had it all planned, all designed." And then if people complain about the fact that government costs have escalated, partly as a result of the diem costs of running these establishments once built, then the previous government can say, "See our level of expenditure was so much less." But of course they don't have to take responsibility for the fact that the per diem that goes to swell government expenditures in an operating cash way, is a direct consequence of the plans that they had on the drawing board, which they didn't build. So there is an element there, it's one of the few cases that I know of that you can have your cake and eat it too. --(Interjection)-- You have to know when to lose and what to keep on the drawing boards.

But seriously, Mr. Chairman, I want to say this to the Member for Swan River, that I am surprised and disturbed if there are cases where nursing home facilities or senior citizen lodging or family housing has been put into a community against the wish or non-concurrence of the community involved.

MR. BILTON: Mr. Chairman, I would be the last in the world to make that suggestion that the First Minister has said, that that building has been done against the wishes of the people. That is not true. He knows that in this day and age the average man on the street is not too politically inclined, and he doesn't take too much interest in local affairs. What happened fortunately, or unfortunately as far as I'm concerned, was that there were people in office running the community that were politically inclined towards the First Minister's thinking and they took advantage of every opportunity there was, and what went into one community went into another community, and I give credit to those that were in office who took advantage of what this give-away government had to hand out, and took their share. And the whole outcome of the thing is, as I said a few minutes earlier, that the Provincial Government is the biggest landlord in the Swan River Valley and there's some five to six hundred people under the umbrella. Many of them, Mr. Premier, have not enjoyed the fruits of life as many others have and they're in need of the assistance they're getting, I don't deny that at all. But I do deny, and I do feel appalled that a situation has developed to the extent that the Provincial Government in its wisdom thought of spending millions of dollars to provide housing for the people in the Swan River Valley who are quite capable of providing their own. What more can I say?

MR. CHAIRMAN: The Honourable Member for St. Matthews.

MR. WALLY JOHANNSON (St. Matthews): I hope the Premier won't mind, but I do have a few comments to make that concern my constituency. I have a constituency where perhaps almost 20 percent of the citizens of voting age are senior citizens. And I must tell the Honourable Member for Swan River, that I have very rarely had a complaint from them that we are pumping money into them until the money is coming out of their ears. In fact, Mr. Chairman, the only time I get that complaint is from the odd old Tory in my constituency. And, Mr. Chairman, I'm very tempted after hearing the speech from the honourable member, to have copies made of this issue of Hansard sent out to every senior citizen in my constituency and also in the constituency of the Honourable Member for Swan River. Mr. Chairman, the honourable member might publish a story in his own newspaper, "You've never had it so well," to the senior citizens of Swan River, "You've got it too good now."

Mr. Chairman, I have now been elected member in my constituency for seven years. I haven't been a member as long as the Honourable Member for Swan River, but again I must say that I haven't been getting this kind of complaint. I have been getting



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(MR. JOHANNSON cont'd) . . . .a complaint still from some senior citizens that they are having money problems because of inflation. What this government has tried to do with the Tax Credit Programs, the Property Tax Credit and the Cost of Living Tax Credit, is to help mainly those, such as senior citizens, who have to live on the smallest incomes during the time of a rapid rate of inflation. Now we have the Honourable Member for Swan River telling us that these people have money coming out of their ears, that they're getting too much money from government. --(Interjection)-- Yes you did. The honourable member certainly said that, the member is here to confirm.

MR. CHAIRMAN: Order. Now either we're going to conduct this committee meeting with some decorum or you can take a walk somewhere and do your arguing elsewhere and not when somebody is on the floor. The Honourable Member for St. Matthews.

MR. JOHANNSON: Thank you, Mr. Chairman. We have a strange kind of debate in this area, Mr. Chairman. Periodically, every week or so, we get complaints from the opposition members about the burden of school taxes and property taxes. And we will hear this again, I know we will hear this. We get once in a while a complaint from the opposition that older people are going to lose their homes because of the high rate of property taxes; then the Honourable Member for Swan River stands up in the House and tells us that the old people have money coming out of their ears, that they have it too good. --(Interjection)-- Yes, I do hope, Mr. Chairman, that it is in the press tomorrow.

Mr. Chairman, the honourable member was complaining about the fact that we're building senior citizens housing in Swan River, or in areas where it was not wanted. He did correct himself --(Interjection)--

MR. CHAIRMAN: The Honourable Member for Swan River state his point of order.

MR. BILTON: I was not complaining on what was going on in Swan River. I simply pointed out to the First Minister we appreciated what was being done and he should not be taking my comments out of context.

MR. CHAIRMAN: Order. Order. Now the honourable member knows that is not a point of order. That's a difference of opinion. --(Interjection)-- Order. Order please. The honourable member knows that is not a point of order. Order. I'm calling the honourable member to order. The honourable member was not on the floor, he rose to his feet, interjected, and he knows that is not in the rules to gain a point of order to make a point. The Honourable Member for St. Matthews.

MR. JOHANNSON: Mr. Chairman, I didn't expect to have such a commotion arise out of a few remarks that I wanted to put across about the people who live in my constituency as opposed apparently to those who live in the Honourable Member for Swan River's constituency. The honourable member has complained about our housing program and he says that it is unfair to those who have looked after themselves for many many years. Mr. Chairman, I'm not going to say much about this but our government has now built roughly 10,000 or committed roughly 10,000 units of public housing. Over half of that, Mr. Chairman, over half of that is senior citizens' housing.

Mr. Chairman, until the honourable member arose here today we have rarely ever had a complaint about the building of senior citizens' housing. But now we have the Honourable Member for Swan River standing in this House and opposing the construction of public housing. I wonder, Mr. Chairman, if this is the policy of the Tory Party. The honourable member did say that we couldn't, this government couldn't take credit for the housing, the senior citizen housing that was built in Swan River because that was built by the previous administration. Now in that case that seems to be a good thing. Senior citizens' housing that was built by Tories is a good thing because it was built under the Elderly and Infirm Persons Housing Act. That was not charity, that was a good thing. Well the fact is, Mr. Chairman, that there is an element of subsidy and there was an element of subsidy in that program. There are grants from the Provincial Government in that program, there is a subsidized interest rate. It was a good program, Mr. Chairman. Our program is a better program. But that doesn't detract from what the previous administration did in this area, and I will give them credit for building a senior citizens' home in Swan River. That was a good thing, but our program is apparently

(MR. JOHANNSON cont'd) . . . .charity. Our program of building senior citizens housing is charity, therefore it's a bad thing, according to the Member for Swan River. Mr. Chairman, that kind of argument will not wash with the majority of Manitobans. This government, Manitoba Housing Renewal Corporation has had more requests for senior citizens' housing than it can possibly accommodate, from rural areas. It had requests from the constituencies of the honourable members opposite. But now the Honourable Member for Swan River is saying that those are not proper requests, those people should not have that housing.

A MEMBER: He never said that.

MR. JOHANNSON: Well if he didn't say that, Mr. Chairman, my hearing is suffering because that's what I heard. The honourable member is saying that our senior citizens housing program is a bad thing. Now I think that our Tax Credit Program has been of benefit, very substantial benefit to a lot of senior citizens, and I visit them in my constituency and as I say I have had rarely a complaint about our shoving too much money into the pockets of the senior citizens in my constituency. The odd old Tory will complain but he's a very rare person, Mr. Chairman, in my constituency.

Mr. Chairman, I would like to make one final pitch for my constituency. As I say my people in my constituency don't object to the Property Tax Credit and the Cost of Living Tax Credit but our government hasn't yet built a senior citizens' home in my riding and I would like to have one in my riding. So if the Minister for Urban Affairs happens to read Hansard I would like to let him know about my request.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Thank you, Mr. Chairman. I just have a few points on the Tax Credit Plan, and I see I'm getting some advice from the Member for Swan River and he has given me some real good advice over the years, but all I have to say that the only safe seat in this House, the only safe seat is perhaps the member's seat for Swan River because he has sufficient number of senior citizens homes and he has extended care home facilities in his constituency or in his town. I'm sure that every member in every constituency would like to be in that same position. The only thing is if I was the Member for Swan River, I'd like to take all the credit for getting those facilities in his constituency, because then he could convince citizens in his constituency that he's doing a good job for his constituents.

But really I know that many communities throughout the Province of Manitoba have a problem that there isn't enough extended care facilities and there isn't enough senior citizen homes. I had an opportunity over the weekend to visit at least one town and people have to travel as far . . . not to travel but they're removed from their home as far as 60 miles - which is quite a distance from their families - to find any facility in a senior citizens' home in a small town. There are no facilities. Anything that's available is full and really the people that are in those facilities are enjoying them, they are appreciating them, and they think it's a great place to be for somebody that has perhaps lost a husband or lost a wife and is a widow or widower, and the best place perhaps for many of them - they're finding out that that's the place they can find some companionship and they're fine facilities that are not costly, and they can look after themselves. So my first opinion would be as far as the senior citizens' homes, I think that every constituency is in great need of these facilities and that I don't believe that there's too many extended care homes or senior citizens' facilities.

As far as the supplement and the pension today that we get \$219, I believe that's not sufficient. In fact last year I had a resolution that this be increased to \$350 per person or \$500 per couple. We had, I believe, two very extensive studies done in Canada. I think one was done by the Saskatchewan Government and one was done by the Federal Government, and the Federal Government said that they're moving in that direction, it seems to me that they're moving quite slow - but in both instances it's been proven and indicated that \$219 today, you're living in poverty. So certainly that's not a very extensive pension for senior citizens and still for the supplement you've got to qualify.

My concern on the Tax Credit Plan system, it may not be the best system and I'm prepared to listen how we can improve it or change it. I know for one thing my

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(MR. PATRICK cont'd) . . . .property tax is too high and most of my constituents pay pretty high property tax. But I would say this, I think to most senior citizens that are living in their own homes and to most low income people, this is an extremely fair tax because you'll find that it's removed at least 50 percent of the tax completely, and in many instances it removes much higher than 50 percent; it removes in total education tax. But I'm not so sure it's the total solution as far as our property tax is concerned for all citizens in this province because I can indicate, and I'm sure the Minister would know, that. . . I can relate best to my own situation where before the Unicity my own property tax was \$600, today it's \$1,800, and I've used this example before

Maybe it was way too low at one time, now maybe it's fair, but still I would say that \$1,800 or \$1,700 is still too high, because I have made comparisons in other provinces. I've made a comparison in Calgary and I made a comparison in Edmonton, in probably a better area than say St. James or Westwood, in a better residential area, with much bigger homes, and I've taken some pictures and square footage of the homes, with two-car garage, and 2,200 or 2,300 square feet, and everything that's in it, family room, fireplaces and the lots - I've taken everything into consideration - I couldn't believe it, they're paying \$700 property tax, seven, eight hundred dollars property tax, and that was last fall, that was in Edmonton. Now I don't know how it compares to Toronto or some of the other cities but I'm beginning or I'm inclined to believe that the property tax is getting pretty high in the City of Winnipeg in the Province of Manitoba. So this is what concerns me. If we can improve upon the system and if the Leader of the Opposition can convince me that there is an improvement to be made, that everybody would benefit, I would be all for it, I'd listen. I know as far as the Tax Credit system itself, for the low income people, for the senior citizens, it is a fair system and it's a pretty good system. They're, you know, they're accepting it.

But in all I still think that our property tax for everybody else, I still think that it's a way too high, it's out of line. --(Interjection)-- Well, your education per house is what? \$800, \$900, you get another 600 or --(Interjection)-- Well, it's not an exceptionally large home. You take 1,100 square foot to 1,200 square foot bungalow, you're running at \$1,400 nowadays. Well to me that appears a pretty, pretty stiff tax. You know, most homes are between 1,100 and 1,200, that's a small bungalow. So from that point of view I would say that you're getting a credit of \$300 maximum, I believe, so if you're having a tax of \$1,800, well, it's reducing to \$1,500, as I say I can't complain in the income bracket but I know that it must be a burden for many people that live in a 1,100 square foot house and they have to pay \$1,400, so even if they get a tax credit of the maximum they're still paying quite a bit of property tax. So I say this is an area that we'll have to look at quite closely.

MR. CHAIRMAN: Resolution 53(c)(1)(a)--pass; (c)(1)(b) Other Expenditures--pass; (c)(1)(c) Administration Fee paid to Federal Government \$670,000--pass; (c)(2) Property Tax Credit payment \$77 million--pass; Cost of Living Tax Credit payment \$23 million --pass. Resolution 53, Resolved that there be granted to Her Majesty a sum not exceeding \$101,351,700 for Finance--pass.

Resolution 54, Taxation Division, Administration (1) Salaries \$124,000 - The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I would like to ask for information here as to where we can discuss the Mineral Taxation Act, whether it comes under the Mining and Use Taxation Branch or should we do it under the Resolution at the beginning? According to this heading here it looks like under this section.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, could the honourable member advise, is he referring to the ten cents per acre tax? Is that the one?

MR. EINARSON: Yes.

MR. SCHREYER: Well I would think that that could be discussed under Administration, Other Expenditures. In other words 4(a)(2).

MR. CHAIRMAN: Resolution 54(a)(1) Salaries--pass; Resolution 54(a)(2) Other Expenditures - The Honourable Member for Rock Lake.

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MR. EINARSON: Well, Mr. Chairman, I would like to ask the First Minister, under the Mineral Acreage Tax Act, how much money was collected by the government from all people who owned mineral rights in the Province of Manitoba, and what it has cost to collect that amount of money? I'm wondering if it's been broken down where he could give us those figures.

A MEMBER: \$230,000.

MR. EINARSON: And how much did it cost to collect it?

MR. SCHREYER: Mr. Chairman, I don't know that it would lend itself to any sort of easy precise answer as to what the cost is of collecting that particular tax because for the most part it is a task that is carried out by the existing administrative capacity of the department, of the Taxation Division of the department. If there is an additional compliance officer that has been hired for the express purpose, then of course that person's salary would be attributable in its entirety. But I'm not just offhand aware that the Taxation Division of the Department of Finance did have to retain extra people as compliance officers for the purpose of administering of that particular tax. It's a ten cent an acre tax and it is not particularly onerous to administer. The revenues accruing from that are in the order of \$260,000 per annum, but that would be marginally low because there is some degree of backlog of payment not yet received, in other words, there's a tax receivable, account receivable on that going back a couple of years.

MR. EINARSON: Mr. Chairman, the First Minister indicates that approximately \$260,000 has been realized by the Treasury of this government for a tax that many many people feel is unjust and people are very unhappy with. Could the Minister inform me as to how many people have allowed their mineral rights to be confiscated by the government because they have not adhered to the laws that this government passed about two years ago?

MR. SCHREYER: Mr. Chairman, I can get that information for the next day. I believe that we have that information but I don't have it readily available. I might add, that really I don't know on what basis we would consider that particular tax unjust in Manitoba when there is, I think, a fairly long history of the application of that tax in the other two prairie provinces, and it has been in effect in Alberta and Saskatchewan I would think for at least a decade. The exemption level in acreage is higher but the same taxation principle applies.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): I would like to ask the Minister then, the Minister refers to Alberta, the fact is that most of the Crown land or mineral rights were owned in Alberta as compared to Saskatchewan. I think that 90 percent of the mineral rights were owned by the government in Alberta as compared with probably 35 percent - off the top of my head I'm saying 35 percent in the Province of Manitoba. I want the Minister to explain why the 10-cent tax on mineral rights, particularly south of 53rd parallel, what is the purpose of the 10-cent tax levy, 10 cents an acre, the tax on an unknown quantity actually, or an unknown tax base really. For instance in the southeastern part of the Province of Manitoba, south of the 53rd parallel, what is the purpose in the government wanting to obtain and charging this 10-cent tax per acre against mines and minerals.

MR. SCHREYER: Well, Mr. Chairman, this kind of tax, as I've said, has been applied in two other prairie provinces and it has also been applied in British Columbia. I don't have the date of enactment in British Columbia, but with respect to Alberta and Saskatchewan, the principle of that tax was applied really quite some years ago. It is at the 50-cent per acre level in Saskatchewan, and then they have an additional provision of an additional 50 cents an acre, although not proclaimed, but it was enacted in law with respect to acreage in excess of 500,000. Now whether that had something to do with the CPR - I seem to recall it has something to do with the CPR - but in any case the 50 cents per acre is now in effect, although the dollar an acre isn't. The only difference is that the exemption threshold is 1,200 acres, I believe, in Manitoba, is it not? --(Interjection)-- Yes, anybody who is farming the land is exempt from payment of tax with respect to the first 1,200 acres, I believe. I'm sorry, I stand corrected, anybody farming the land is exempt from the tax, and there is no 1,200-acre threshold, if they're farming the land the tax is not payable. If they're not farming the land, then presumably the land is being held for purposes other than farming and there is a ten-cent an acre tax on it. And we did not initiate the concept, it is not new.

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MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, the First Minister points out a very interesting matter here and we've been talking about this government, how they've been helping the senior citizens through the Property Credit Tax Plan. And I want to say to the First Minister, that while he's put maybe a dollar into their pockets through the Property Credit Tax Plan, those people who are senior citizens who no longer are actually farming, are being penalized through the Mineral Acreage Tax Act by having to pay 10 cents an acre on their land if they rent it out to someone else, if they're not actually farming. So, Mr. Chairman, I say this government, while they think they are helping the senior citizens in one way, they are taking it away in another way. And, Mr. Chairman, --(Interjection)-- Well the Member for Ste. Rose found it difficult to look after his wife on 1,000 acres, I don't know how he finds or understands how it can be written off. That's my answer to the Honourable Member for Ste. Rose, Mr. Chairman.

But I want to say, Mr. Chairman, that people in the rural areas particularly, and that's where the majority of this money is coming from, are very unhappy with this legislation. And I want to ask the First Minister one other question, to seek information, that if you own a piece of property, you lease it out, and there's an undivided interest in this property on the minerals except coal and gravel, is it not possible for the government to collect 15 cents an acre on that property.

MR. CHAIRMAN (MR. WALDING): The Honourable Minister of Finance.

MR. SCHREYER: Mr. Chairman, there is no ready concurrence with the suggestion that if there is a --(Interjection)-- Well, Mr. Chairman, we can get the intent of the question from Hansard and seek a legal opinion. I was about to say off-hand, but I don't believe that there is any way in which, by whatever combination, the mineral tax would be more than 10 cents per acre. It's about as simple as that. And then too the example the honourable member gives about somebody who is no longer farming the land but has it leased out, if the person or persons in question owned a thousand acres, the mineral tax would amount to \$100; if they are, as my honourable friend would imply, pensioners on no particularly significant annual income, then the property tax credit is anywhere up to \$350. So even with the very unusual case of a thousand acres being owned by someone in pensioner circumstances, even at 10 cents an acre, it's still \$250 less even after that's subtracted, there is still \$250 of net benefit to a pensioner couple.

MR. EINARSON: Mr. Chairman, the First Minister makes a point, and that's where we differ, and I say that he's still \$100 poorer because of the legislation that this government brought into being. And he cannot evade the debate or the argument here, that despite the fact that while a pensioner is entitled to the maximum now of \$350 on both the property credit tax and the income tax, he still is \$100 poorer because of the legislation that they have brought in, which in my view is unreasonable because we debated on that particular point when the ex Minister of Finance - and he sits beside the First Minister right now - who thought it was a fair tax because farmers have no revenue from this, but just because they have the mineral rights to their property this government finds it reasonable to penalize farmers because they own the mineral rights. But there's no revenue from it. And we made it very clear, Mr. Chairman, that if the Hudson Bay Mining and Smelting, CPR or any other large corporation are speculating on the mineral rights of these various properties, we have no compunction about this government taxing them. But where a farmer who is not seeking any revenue from this is being taxed 10 cents, I say this is just another way of this government getting money out of the people of the Province of Manitoba. And while they say the property credit tax is a wonderful thing, there's some other things at issue that I think are very unfair and I don't want the First Minister to let his Estimates go unchallenged, that we want it brought to his attention.

Mr. Chairman, it's a technical thing I brought up, because I mentioned this in the last session, and the ex Minister of Finance, the Honourable Member for St. Johns, in his usual manner said, "Will you prove your case?" And I agreed, he was quite right

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(MR. EINARSON cont'd) . . . . I said to prove my case. So now I am asking for information, Mr. Chairman, from the First Minister. It's a technical matter, but I ask is it not possible for a senior citizen probably who was retired from farming but leases out his thousand acres if he owns that much, and he has an undivided interest on those mineral rights except coal and gravel which he owns a hundred percent, is it not possible for the government to collect 15 cents an acre on that property?

MR. SCHREYER: We will, as I said, Mr. Chairman, check out this technical matter, as the Honourable Member for Rock Lake puts it. I hazard the opinion just offhand, that I do not believe that there can be any circumstance in which the mineral tax is more than 10 cents per eligible acre. If there is some exception to that, it must be a bizarre anomaly which was not intended in the drafting or in the legislation itself. But apart from that, the honourable member is really chasing abstract rainbows, because anybody who is in a position where he or she is no longer farming the land, the land at some point in time could be transferred or sold to kith or kin, as the saying goes, and at that point in time it would be then farmed by - the owner would be farming it and then it would no longer be subject to the mineral tax in any case. And for that relatively short period of time in which somebody theoretically is holding enough acreage on which the mineral tax can have any significant meaning at 10 cents an acre - I'll say a thousand acres, so that's \$100 - but if a thousand acres is being leased at today's very rough range of lease price of land, about a thousand acres would bring in an annual rental of about \$10,000 to 15, from which you would subtract 100 bucks. Now I don't know what's onerous in it, Mr. Chairman, unless the honourable member is trying to argue on principle, and I say that on principle the principle has been established in Alberta, Saskatchewan, British Columbia, and in a different way in the Province of Ontario.

Then too, one has to consider the fact that through the accidents of history and of the title system in Alberta, about 80 percent of the oil bearing lands of Alberta are on land which in many cases, although arable, the mineral rights are owned by the Crown, and that's because of the Northwest Territories' arrangement and the title system under the Northwest Territories at the time of coming into union in 1905. Eighty percent therefore of the oil producing lands of Alberta, the mineral rights are Crown, 20 percent are freehold, and for that percentage there was for many years a mineral acreage tax.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, I'd like to know the amount of money that came in from the Mineral Acreage Tax Act last year, because if you have that figure that you received last year and subtract what you received this year, you'll know how many acres the Crown has received the mineral rights on.

MR. SCHREYER: Well \$260,000 at 10 cents an acre would seem to imply 10 times 260,000, or in other words 2,600,000 acres are paying that 10 cent tax.

MR. HENDERSON: Yes, Mr. Chairman, but I was wondering if you knew how much you received last year, because if you told us the figure that you received last year on this, we would know how many acres that the people had given up their oil rights on and the government had been able to succeed in getting the oil rights on the additional acreage.

MR. SCHREYER: Mr. Chairman, according to computer, the acreage involved would seem to be roughly as follows: There's about 2,400,000 acres which are exempt for reasons that they are being farmed by active-farmer owners; then acreage that is under 40-acre plots, which is exempt even for non farmers; and land owned by the Crown, having been purchased by the Crown subsequently, this wouldn't be part of the long or the standard Crown lands, and so on - and so when you add all that up, there would seem to be approximately 4-1/2 million acres to which the tax would be applicable. And we calculate roughly that it's been collected on roughly 2-3/4 million acres to 3 million acres, so that there is the balance then of about a million acres or a \$100,000, it's either a case of the account being in arrears or the mineral rights being allowed to lapse to the Crown.

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MR. HENDERSON: Mr. Chairman, I'm not exactly sure that I got the proper answer. I was meaning that if there was a larger number of acres a year ago and you were getting 10 cents an acre, you'd know how much money you received. Now this year you said you received \$260,000 when you received the payment of 10 cents an acre, so if we subtracted one total from the other, we would know how many acres had actually had their mineral rights taken over by the Crown, and possibly you gave that in your answer but it was in such a way that I wasn't able to follow it. I was just wondering, how many acres that have mineral rights on them have become the possession of the Crown since this has been brought in.

MR. SCHREYER: Mr. Chairman, I believe I gave my honourable friend all the information except that, because the reason it is not possible to do it by that simple subtraction way, is that it is necessary to ascertain how many acres are the mineral rights being allowed to lapse to the Crown and how much is it a case of the tax nearly being in arrears, where the owner has not signified the intention that they do not wish to maintain or keep current the mineral rights. So that's why we can't give that simple answer just by simple subtraction. It would be necessary to go to the files and ascertain how many have served notice that they would prefer to have the mineral rights lapse to the Crown rather than pay the 10 cents an acre and how many do not wish that but have not yet paid up their arrears of 10 cents an acre accumulative.

MR. HENDERSON: Mr. Chairman, I realize that there's many people that you can't foreclose on right away because they have one year before you foreclose on them. But one of the things that I know I will be wanting to know next year is, how many acres have actually reverted to the Crown since the bringing in of this policy, even with some, we'll say, that are in one year's arrears. And the other thing I wonder is, \$260,000 is really only very small money in talking in government's terms, and it appears to me that you're not so interested in 10 cents an acre and the amount of money you receive, but in obtaining the mineral rights. And I wonder how much it really costs besides to administer this program, and I'm sure you won't have this just separate, but I know there's considerable cost involved and it comes back to my opinion that the government's interested in becoming the owner of the millrights and it isn't just the money that they're going to collect at ten cents an acre.

The other question that I want to bring up in connection with the sales tax. I think it's possibly all right that everybody pays sales tax once on every article that's eligible for sales tax, but it rather galls me a little bit when, we'll say like cars or trucks, it's turned over several times and in the life of the vehicle the sales tax is paid so many times; you know, if one farmer sells it, another farmer buys it, everybody is paying sales tax. I don't mind so much if they say they are going to tax the man the first time when he buys a brand new one, but when it's taxed on all the second-hand vehicles all the way down it becomes a little bit of grabbin' every bit you can. And then when you come back to talking about grabbin' every bit you can, there's one other thing, it's very very small, but it's still involved. And the principle of the thing is, like the sales tax on children's clothing that's exempt, but actually when you talk about patterns and things like that on children's clothing, some way or another they aren't exempt. And if you are trying to encourage thrift and saving and people doing things for themselves, and get some encouragement for it, there should be no tax on shall we say patterns on children's clothing or adults; clothing that they're going to make themselves and buy the material. But as the sales tax stands today you actually tax those people too. It's only a very trivial thing, but it's something that you should think about.

MR. CHAIRMAN: Order please. I wonder if the honourable member would bring up those matters on the next item in the book, 54 (b). Resolution 54 (a) (2)--pass.

MR. HENDERSON: Mr. Chairman, as long as the Minister will deal with those things, especially on the second-hand vehicles and the retail sales tax, I would be happy to have him deal with it whenever it comes up. Because I hear a lot of people say, well I don't mind when I buy something brand new paying the sales tax, but I hate paying it when it's fourth and fifth-hand, forever you might say.

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MR. CHAIRMAN: Resolution 54 (b) Retail Sales Tax Branch, (1) Salaries. The Honourable Minister of Finance.

MR. SCHREYER: Mr. Chairman, under retail sales tax, I think it's at this stage appropriate to respond to the Honourable Member for Pembina. He raises basically two separate points. One, as to where is the common sense or the fairness or the logic of levying a sales tax on used or second-hand purchases, equipment, machinery, etc, and I can only say the retail sales tax is based on the assumption that every transaction is a separate transaction which bears value of transaction and therefore bears the retail sales tax on it. I don't find that difficult to understand at all. If somebody buys a brand new, let us say, truck, and it costs, say \$15,000 with inflation, then the sales tax is applied to that. Five years later, let us say that the truck has a value as a second-hand truck of say \$5,000. Well, it's a separate transaction, that's its value; if that's what it trades at then the sales tax applies to that amount.

Now, with respect to the patterns, I would say that the Honourable Member for Pembina should bear in mind that the great mass of detail that's involved in the retail sales tax is one which I rather despair can ever be settled with perfect justice. It is, as the Honourable Robert Stanfield says, "rough justice," but rough justice is perhaps as best as we can do. My honourable friend should bear in mind that this business of exemption of children's clothing up to age 12, you get some kids that are big, and they may be 11 years old but they require clothing that is sized to an age greater than 12, then the sales tax is collected. And that, both for the present Ministry of Finance and the previous Ministry of Finance, is a source of constant headache. So rather than try to come to some solution of what is almost an insoluble problem wherever you have a cut-off line, it becomes very judgmental. We have introduced the Cost of Living Tax Credit Plan in the hope that that will offset some of the nitty gritty about whether the sales tax applies equitably with respect to children's clothing. Finally I say Mr. Chairman, with respect to patterns, that I am not aware that patterns for children's clothes are sales taxable. If they are, do not be surprised if in the 1977 Budget, there is going to be an exemption for patterns on children's clothes.

MR. CHAIRMAN: Resolution 54 (b) (1)--pass; Resolution 54 (b) (2)--pass; (b)--pass; Resolution 54 (c) Mining and Use Taxes Branch (1) Salaries. The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, the First Minister made reference a short time ago to a bizarre anomaly, and since anomalies are common to the mining industry, we should refer to a bizarre one, that is that the mining royalty tax which was estimated to have brought in last year \$14,300,000 is this year estimated to bring in only \$250,000. I think we require some sort of explanation here as to why this bizarre anomaly has --(Interjection)-- looking at revenue estimates. I point out of course that metallic minerals' tax is estimated to bring in this year \$12 million, but if you add up all the mining taxes estimated for this year, they amount to less than the mining taxes estimated for last year, adding them in total. And giving mind to the fact that we spent a great deal of time last year on the new mining tax act in this Chamber, it would appear to require some explanation on the part of the government as to the reason for the reduction in the revenues from the mining industry in the Province of Manitoba.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. SCHREYER: Mr. Chairman, I would like to have an opportunity to double check that figure. I was all prepared to explain why there would be a sharp diminution in the revenue anticipated from mining royalty. The Honourable Member for Riel will appreciate that the Mining Royalty Tax is based on a formula which does relate really to the price of world metals and to profitability of operation of the mining companies, and therefore in a depressed world market situation our royalty tax follows really the state of economic health of the industry. When metal prices, if and when they recover sharply and soar back up again, and the profit position of the mining companies is accordingly increased, then the Mining Royalty Tax will parallel that. There's no secret that in the last roughly eighteen months, that the mining industry, copper, and nickel in particular, have been in very much of a nadir position, very low.



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MR. CHAIRMAN: Resolution 54 (c) (1)--pass; (c) (2) Other Expenditures--pass; (c)--pass; Resolution 54 (d) Succession Duty and Gift Tax Branch (1) Salaries. The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman. I wonder if the First Minister could indicate here what the government's plans are with regards to succession duties. We are running into in the province problems that are probably more common in the agricultural sectors, where you get farms changing hands from surviving spouse to surviving spouse and also in the case of passing on from one generation to the next, and this tax continues to be a very serious factor in estate planning for people who are living on family farms. It's also a very serious situation for people that are in family businesses of any type, whether it's farming or any other type of a business.

What seems to be happening here is that the government this year is estimating by their revenue, \$7-1/2 million return as opposed to last year's \$5 million. But if you go back over the years, prior to the time when the government changed the formula on succession duties after the Federal Government moved out, the Provincial Government moved in; and if you look at the proportion of income that comes to the total provincial budget as a result of this particular tax, the proportion, I think if you calculate it, it's less now than it was prior to this government changing the formula. And although they made the penalties - I can refer to it as a penalty, which it really is - much stiffer, the net result has been less, which can't help but lead you to the conclusion that very likely what's happening is that those people that are capable of hiring the accountants and lawyers, and knowing the Act sufficiently well, can probably not be victim to the tax. Whereas those that are tied to their capital, such as a farm, are in fact caught by the Act; and those that have mobile assets such as bonds or shares in stocks and other things that are more liquid are in fact planning to take their assets out of the province, and as a result what you're ending up with is simply a case where you get a very inequitable application of a law. A law that is based, I would assume, on the basic philosophy and principle of this government that they don't believe in the idea of capital or wealth being passed on from one generation to the next, apply a dictum that in fact it cannot be applied, because wealth is just too mobile and it gets out of province, and those who don't have mobile wealth are in fact falling victim to this tax. Because I repeat, Mr. Chairman, the amount brought in to the provincial coffers by this Act, Manitoba Succession Duty and Gift Tax, the two of them would proportionately in terms of the total budget be less now than it was when this government took office, and that in spite of the fact that the tax is much, much stiffer than it was at that time.

You have a situation now where that tax works not only in the cases where I have indicated, in the cases where people are tied into non-mobile assets such as a farm, you also have a situation where a person can't gift more than \$5,000 a year from one partner in a family relationship, from one spouse to the other because of this Act. And of course you have - it's not Women's Liberation, but the Status of Women's Group and the Federal Law Reform Commission bringing out recommendations that are pointing out the problems existent here, where two people with one partner working can't share an income equally because they can't gift more than \$5,000. So anybody that makes taxable income in excess of \$10,000 can't share equally their income without being caught in the situation where they're exceeding the \$5,000 sharing.

So it would seem to me that although the government has intended to do a certain thing with this Act, which is to eliminate gifting in excess of a certain point - they may well have done that, which I don't agree with basically because I think it's picayune thing anyway, to pin it at a level such as that for some people - but on the other one, where they're attempting to basically cut off the passing on of wealth from one generation to the other, it's just not happening. What is happening that, again to repeat, those with mobile assets are escaping the province to other jurisdictions. So what's happening is that investment capital that may well be retained in Manitoba is being taken out of the province in fear of the succession duties, and the remaining people who are caught with immobile assets are the people that are contributing to this

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(MR. CRAIK cont'd) . . . .tax. And I think that the government would be well advised to re-evaluate its aims here, and its objectives, and consider the facts of life, and that is that people that have mobile assets are not going to be taxed with this Act, it isn't bringing the results into the Provincial Government that it was designed for.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. SCHREYER: Mr. Chairman, the Honourable Leader of the Opposition is quite right. This matter does require review, and really a continuing updating because there are other actions happening which have a bearing on the practicability of maintaining this particular form of taxation. As long as the majority of provinces in Canada maintain a succession duty tax, one assumes that it is practical to continue to levy it here. If the day comes when there is a minority of provinces, indeed a small majority of provinces, then it becomes increasingly impractical to continue it, for reasons which he has touched upon. This is not to say, Mr. Chairman, that this is however a desirable outcome. It is merely one of recognizing realities. Indeed I would refer the Honourable the Member for Riel to a speech made in this House by a former Minister of Finance, Gurney Evans, back in 1968, which I thought was a very objective type of speech in which he argued for uniformity of application of this tax, continued uniformity of application across Canada, thus avoiding a tax jungle in which the losers really are all those who have a passion for social equitability in Canada. There can be no pretense about arguing that there is something undesirable in respect to the application of a succession duty tax, particularly when after the clearing up of all debts, encumbrances, charges, claims, after all of that is paid off, there is a clear \$200,000, and if a surviving spouse is involved, \$250,000 of clear, unencumbered after all claims and mortgages of estate that is transferable without a penny of tax, and beyond that the first penny of tax merely starts, so that I do not believe that this in any way blocks or impinges upon the capacity of one generation to extend a helping hand to the next. There is a quarter of a million dollars worth of it involved of passing on of wealth. It is only indeed, the tax becomes significant only when the amount of net estate value after encumbrances and charges exceeds a quarter of a million, indeed, for the tax to be significant it must exceed a half a million before it even becomes significant, and that kind of passing on of wealth let us not pretend that that is merely a passing on of a helping hand from one generation to another, it's much beyond that. In any case I don't propose to argue the philosophic merits, I refer to the speech made by Gurney Evans in this House approximately eight years ago, the logic of which, I believe, stands. In the final analysis, however, if increasing numbers of provinces come out of it then I do not propose that we attempt to fly in the face of practicality and continue to levy it here.

The other point I make is that with the changes that are mooted about in family law and family property law, it may well be that certain of those changes may have a direct bearing on this as well, so that is a second reason why there is need for continuing review of this particular item, and possibly a major change in the next year or two.

MR. HENDERSON: Mr. Chairman, I've been listening to the First Minister talking about succession duties and I'm happy to hear that he thinks they should be uniform across all Canada. I only wish that we were uniform. But, you know, stating the fact that the first 200,000 is exempt without succession duties it is all right to say, well there isn't too many of these people -- (Interjection) -- After mortgage, I know, after all the deductions. But there is people in that bracket and I do say that they are very very important people to the life of Manitoba because many of these people are doers and they are going to create an awful lot of jobs, they are going to do other things. Now these sort of people are not so dumb and when they become older they are going to think of protecting their estate, and they don't know when they are going to die, and they are going to move out before they die, and they are going to attend to the details of it. And then supposing they move out at a fairly early age thinking, well if death comes I'm protecting myself. They'll go there and they are that sort of people, they'll reinvest, they'll do other things, and they will help another province to advance and to create more wealth and they will be good for the province. So I say when you think that, you know, that there isn't too many of these, that it's not very important so sock it to them, you

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(MR. HENDERSON cont'd) . . . .know, I think you've got the wrong attitude in it altogether. We need these kind of people and what we need is uniform succession duty taxes all across Canada, and this is what I would like to see.

MR. CHAIRMAN: Resolution 54(d)(1)--pass; (d) (2) Other Expenditures--pass; (d)--pass. Resolution 54. Resolved that there be granted to Her Majesty a sum not exceeding \$3,126,000 for Finance.

Resolution 55, Insurance Branch, (a) Salaries--pass; Resolution 55(b) Other Expenditures--pass. Resolution 55, Resolved that there be granted to Her Majesty a sum not exceeding \$51,300 for Finance.

I would refer honourable members now back to Page 21, Resolution 51, Executive Division (a) Minister's Compensation. The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, it would seem to me that on Page 24 we have further Estimates of the Department of Finance that you have not touched.

MR. CHAIRMAN: We have completed those resolutions to be voted on as expenditures. Does the honourable member wish to debate anything on Page 24?

MR. JORGENSEN: . . .not the items of the Estimates and should we not go through the motions of at least going through them?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. SCHREYER: I don't pose as the complete expert on this but my understanding is, Mr. Chairman, that with respect to items that although they show up in Estimates which are statutory in nature, there are other opportunities for dealing with those but since we are not voting them, therefore we do not debate them in the regular estimates process.

MR. JORGENSEN: . . .deal with them in Capital Supply then.

MR. CHAIRMAN: Resolution 51(a)--pass; Resolution 51, Resolved that there be granted to Her Majesty a sum not exceeding \$84,200 for Finance.

That concludes the discussion of the Department of Finance. Committee rise. Call in the Speaker.

Mr. Speaker, the Committee of Supply has considered certain resolutions, directed me to report same and asks leave to sit again.

IN SESSION

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

MR. D. JAMES WALDING (St. Vital): Mr. Speaker, I beg to move, seconded by the Honourable Member for Ste. Rose, that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, the House is adjourned and will stand adjourned until 2:30 tomorrow afternoon. (Wednesday)